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## EUROPEAN NEWS

## IFO REPORTS RISING BUSINESS CONFIDENCE

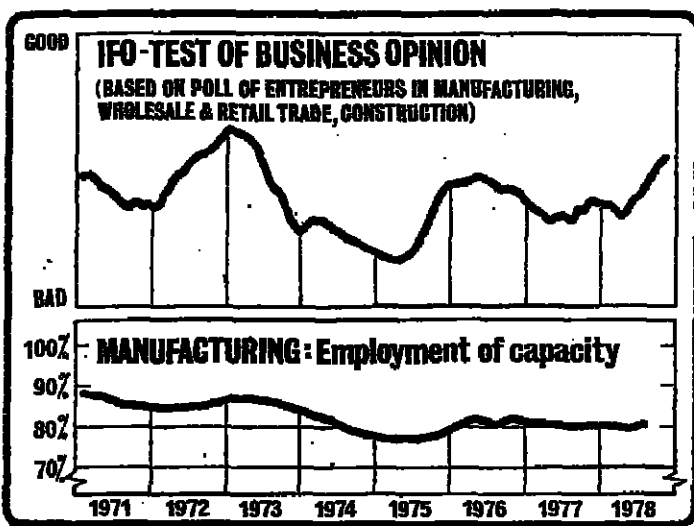
## Bright outlook for German industry

BY ADRIAN DICKS

BONN — Manufacturing industry in West Germany is now more confident about the current business climate than at any time in the past four years, according to the latest of the Munich-based IFO institute's regular surveys, taken last month.

An increasing number of companies reported not only an improvement in current conditions, but also a further strengthening of the outlook for the next six months. The institute attributes this judgment in part to a recovery during the late autumn in export prospects, already partly reflected through Government figures showing an increase in new orders from abroad.

The IFO survey, often regarded as the most reliable barometer of the West German economy's short-to-medium term behaviour, reports a further rise last month both of current production and of new orders. More companies were planning to expand output, and although only a few were preparing to raise prices, IFO notes that in November 1977 the picture was still one of price erosion.



A further sign of improvement last month appeared to be the broader range of industries reporting better capacity use and better sales, with chemicals and non-ferrous metals companies among those now taking a more bullish view.

The institute also records the sharp pick-up in steel orders in November, though the strike in the industry which began at the

end of last month will have cancelled out this improvement.

Among capital goods industries, the main gains in confidence appear to have been in the electrical engineering and mechanical engineering sectors. Office machinery and data processing manufacturers, who best weathered the past two years of intermittent, sluggish recovery,

are once again reporting a further increase in demand.

Meanwhile, new figures issued by the Bonn Economics Ministry suggest that companies have some reason to take the more optimistic view of profits that is held to be the main requirement for higher investment.

Herr Martin Gruner, State Secretary at the Ministry, has disclosed in a Parliamentary reply that between 1975 and 1977, income from dividends and investments rose 7.6 per cent, compared with a 6.2 per cent increase in wages and salaries. A similar development for 1978 is expected.

Count Otto Lambdorsch, the Economics Minister, expressed satisfaction yesterday that the current phase of recovery had "further strengthened," but also warned that it should not be taken for granted. It was still too early to assess the international implications of the latest round of oil price increases, he said.

Nonetheless, the view is gaining ground in West Germany that the real Gross National Product growth will be about 4 per cent in 1979.



Mr. Anker Joergensen

## Denmark's unions flex their muscles

By Hilary Barnes in Copenhagen

DENMARK'S BIENNIAL centralised wage bargaining between the trade unions and the employers' federation often ends up as an exercise in brinkmanship and it can be difficult to distinguish the theatrical flourish from the serious issues.

This time, however, the negotiations are overshadowed by an unprecedented confrontation between the trade union movement and the Social Democratic Party, the two wings of the labour movement.

In August the Social Democrats formed a coalition with the Liberals in the teeth of opposition from the unions which have so far refused to accept the party's decision to join forces with its traditional arch-enemies. There is thus a lurking danger that it will use the wage negotiations to bring about a confrontation between itself and the executive power.

At a congress of the party this month Mr. Thomas Nielsen, chairman of Landsorganisationen (Trade Unions Congress), expressed the hope that the Government would not survive another 100 days. From what he has said subsequently he seems to see the wage negotiations as a possible means of bringing down the Government.

Prime Minister Anker Joergensen, who is also chairman of the SDP, took the initiative for the formation of the coalition. He wanted to form a government with greater political staying power than his Social Democratic minority Government.

The problems which the unions are capable of creating in connection with the renewal of the collective wage agreements next spring—the current agreements expire on March 1—are undoubtedly a factor in causing Mr. Joergensen to enter into this partnership with the Liberals.

Mr. Joergensen may, however, have underestimated the anger which his move would cause in the unions.

Mr. Nielsen claims that the unions were not properly informed when the coalition was formed—it was "a coup," he constantly complains. For example, the coalition's first act was to increase value added tax from 18 per cent to 20-25 per cent in order to restrain spending and protect the foreign exchange reserves. To the unions this was another attack on real wages, which over the two years of the current agreement have fallen by about 1 per cent, thanks to increases in indirect taxes.

The formation of the coalition also meant that the party had to drop several union-inspired proposals for reform. These included housing and tax reforms which had all the signs of being electorally disastrous. It would certainly have been fatal for the minority Government to have tried to push them through the Folketing. The most crucial of the reform proposals was a union-backed plan for the introduction of "economic democracy," a scheme for wage-earner co-ownership. The unions have proposed that 10 per cent of not corporate profits and 1 per cent of the wage bill should be paid into a union-controlled central investment fund. Two-thirds of the contributions to the fund would remain in the individual companies as wage-earner capital, held by the fund.

It is a scheme for the gradual take-over of capital by labour.

The unions started out by trying to write their reform proposals into the wage negotiations, but dropped the idea when employers flatly refused to begin negotiations on wage issues as long as the unions insisted on discussing co-ownership.

The issue has not however been forgotten. Mr. Nielsen has declared that if the wage negotiations break down, the unions will bring the nation to a halt by calling out the power workers and oil and petrol tanker lorry drivers.

This, he believes, will force the Government to intervene, and at this point the unions will offer to co-operate in an incomes policy if the Government agrees to make a start on reforms leading towards co-ownership. This would put the Government on the spot, because a politically-imposed wage settlement without a move towards co-ownership would split the Social Democratic parliamentary group—or so Mr. Nielsen believes. But if it included a move towards co-ownership it would be unacceptable to the Liberals.

## OVERSEAS NEWS

## Japan settles for 6.3% 'compromise' on growth

BY RICHARD C. HANSON

TOKYO — Mr. Ohira's new Economic Ministers last night approved a real economic growth target for the next fiscal year, which many already think may follow the unhappy pattern of the past two years' predictions.

The Government's aim, to be formally passed by the full Cabinet later, is for 6.3 per cent growth for the year starting April 1. The Ministers also unceremoniously buried the old forecast for this year of 7 per cent and said the GNP will rise by only 6 per cent.

The forecast includes an estimate for next year's current account surplus of Yen 1,400bn (£3,590bn), much less than the Yen 2,700bn (£6,90bn) surplus for this year. On the surface, it appears that the growth and current account goals contradict each other.

Next year's economic performance will depend heavily on two uncertainties. The first is whether the export sector of the economy will pull out of its recent tailspin, which could increase the current account surplus. The second is whether consumer spending will continue to show the weak signs of life noticed late in the summer.

Reducing the current account surplus will depend in part on a Government intention to continue importing certain goods on an emergency basis. This has proved difficult this year, with only £1.3bn of an original goal of £2bn expected to be realised by March 31.

Public works spending by the Government this year is expected to decline and Government economists are also pessimistic about the prospects for recovery in private sector spending for plant and equipment next year.

It is hoped that the export industry will stop worsening by spring or summer next year, especially if it is operating in a stable foreign exchange market. This would provide some basis for sustainable growth.

The onerous effect of the yen's appreciation on the export sector is expected to be dissipated within the next half year.

Little optimism has come from private economic forecasters who seem to be settling on 5 per cent real growth targets. The 6.3 per cent goal was itself reported to be a compromise between the Finance Ministry, which wanted a 5.3 per cent target, and the Ministry of International Trade and Industry, favouring 6.7 per cent. Ministers warned that international economic changes could alter the result.

The 6.7 per cent target is reminiscent of the original goals set for last fiscal year, when actual growth reached only 5.6 per cent.

Mr. Ohira's Tax Research Council yesterday recommended that a general excise tax be introduced from April 1, 1980. The timing of the tax is a delicate issue. The Finance Ministry originally hoped to introduce the tax from January 1980, to help offset a large budget deficit.

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## Price index fillip for the French

By David White

PARIS — The French Government received two fillips for its economic policy yesterday — favourable inflation figures and signs of moderate optimism from industry.

November's consumer price index showed a rise of 0.5 per cent, the lowest since January and sharply down from October's 0.9 per cent. The 11-month total of 9.2 per cent leaves the Government within reach of its target of keeping inflation in single figures, as it narrowly managed to do in 1976 and 1977.

M. Rene Monory, the Economy Minister, has set an 8 per cent inflation target for next year. He said yesterday that the November figure demonstrated that the lifting of industrial price controls had not caused heavier inflation.

This month's sounding of business opinion by the Statistics Institute confirmed an increase of confidence among industrial managers. The result was close to being the most favourable for four years, it said.

Industrial output had increased at a moderate rate since the summer holidays, and order books could now be considered normal. The improvement was particularly clear in export orders and in intermediate goods.

This harmony contrasts with more strident noises from the unemployment front. Labour protests have flared into violent confrontations at Saint-Nazaire and Saint-Chamond, while Longwy, in Northern Lorraine, was under virtual siege yesterday, as protesting steel workers continued to block access roads.

## Chirac 'may lead RPR defection'

By Our Own Correspondent

PARIS — The French Socialist leader, M. Francois Mitterrand, has admittedly managed to condemn intrigues within his own Party at the same time as stoking the fires of the Gaullists' internal quarrels. In an interview with the Roman Catholic newspaper *La Croix* he suggested that M. Jacques Chirac, volatile leader of the Gaullist Rassemblement pour la Republique (RPR) might defect with his supporters from the Government majority before the 1981 presidential election.

M. Chirac, engulfed in a row with Gaullist ministers on the one hand and the other with Party barons who resent his style of leadership, promised the Government last week not to bring down its majority in the next parliamentary session.

M. Mitterrand said, however, he expected M. Chirac to resume the hostile stance which provoked the row.

## Record world steel output

BY GILES MERRITT

BRUSSELS — World steel output grew by 6 per cent during 1978 to a record 712.5m tonnes, according to preliminary figures released by the International Iron and Steel Institute (IISI).

Institute estimates of crude steel production during the past 12 months also show that output in the developing countries grew more strongly than in the industrialised nations. Latin America, Asia, Africa and the Middle East together recorded a 10.2 per cent increase with steel output rising to 46.4m tonnes from 42.1m tonnes in 1977. China's steel production is estimated to have grown during 1978 to 31m tonnes from 23.4m tonnes.

Despite few signs during 1978 of strengthening demand for steel, the year's total output throughout the world surpassed by 0.5 per cent the previous record year of 1974 when world production stood at 708.8m tonnes. In 1977 the global total was 672.3m tonnes,

while in 1975 the worldwide economic recession saw steel output sag to 645.6m tonnes. Of the 712.5m tonnes 1978 world total, 466.4m tonnes is estimated by the IISI to have been produced by the Western World, with output 5.6 per cent up over 1977 levels. Within that figure Western Europe, North America, Japan, South Africa and Oceania were responsible for 420m tonnes, which represented a 5.1 per cent increase over 1977.

The IISI figures make it plain, however, that steel production in the industrialised nations continues to lag well behind the levels reached in 1974. Output during 1978 was 9.4 per cent down on 1974, when production had stood at 463.5m tonnes. EEC steel output, which the IISI puts at 132.3m tonnes for 1978, was almost 15 per cent below the 1974 level. In line with the Community's crisis plan aimed at limiting production to sustain prices output showed a comparatively modest increase

of 5 per cent during 1978 over 1977. In the UK steel output dropped very slightly, from 20.5m tonnes in 1977 to 20.2m tonnes.

Japanese steel production remained virtually unchanged during the 1978 period according to the Institute's estimates in fact dropped fractionally to 102.1m tonnes from the 1977 level of 102.4m tonnes. The U.S., however, following increased domestic demand, registered a 9.5 per cent rise in 1978 output, with production going from 113.2m tonnes in 1977 to 123.8m tonnes. Reuters reports from Dusseldorf: A steel rolling mill in Dortmund belonging to the Hoesch group laid off 650 workers yesterday owing to a shortage of materials caused by the 30-day-old West German steel strike. Two thousand more workers in the Mannesmann and Thyssen groups will have to be laid-off next Tuesday because of shortages, the employer's federation said.

## Juan Carlos signs constitution

BY OUR OWN CORRESPONDENT

MADRID — King Juan Carlos gave his formal approval to the new democratic Spanish constitution here yesterday in a brief ceremony. Wearing the gold-braided black uniform of a Captain-General, the highest rank in the Spanish armed forces, the King put his signature to the constitution during a plenary session of both Houses of the Cortes.

Flanked by two military officers, he took the podium for a brief speech in which he stressed the need for continuing political tolerance.

Earlier the President of the Cortes, Sr. Antonio Hernandez Gil, opened the ceremony with a 20-minute speech in which he hailed the young monarch's efforts in promoting the drafting of the constitution.

"The constitution clears away the confusion which for too long hung over Spain," said Sr. Gil. "It gives us a political identity and puts an end to vagueness and insecurity. It

confers the status of citizen on all, without discrimination by reason of birth, sex, race, opinion, or religion. And it leads us, not by virtue of a coercive force, but rather by obedience to the will of the people."

After the ceremony inside, the

## Hotel strike continues

BY OUR OWN CORRESPONDENT

MADRID — Hotel and restaurant workers in the Canary Islands voted in the island city of Las Palmas early yesterday by a slim margin to continue their strike in the tourist-packed Canaries archipelago. They made their decision despite sittings by angry holidaymakers, violent clashes between pickets and proprietors, and warnings that the work stoppage is costing one of the two island provinces alone more than £700,000 per day.

On the island of Tenerife,

King, the Royal Family, the Government and MPs took up positions outside the Cortes to watch a military parade to mark the occasion—the first time a Spanish king has given his formal sanction to a constitution since 1876 (he was Juan Carlos's great-grandfather, Alfonso XII).

## Hotel strike continues

several hundred tourists staged a sit-in on the street in front of their hotel, apparently in a demand for the service they had paid for. On Lanzarote, picketers armed with clubs raided the Los Fariones Hotel, whose staff did not go along with the strike. They smashed down the door to one hotel room and wrecked the furniture in it. A number of policemen and civilians were treated for minor injuries over the weekend on the southern part of Grand Canary Island, following skirmishes.

## Swiss officials report economic slowdown

BY JOHN WICKS

ZURICH — Swiss gross national product rose in absolute terms by some 4.1 per cent to an estimated SwFr 158bn (£45bn) in 1978, according to a report by the country's official working Party for Economic Forecasts. This compares with a 3.1 per cent increase in 1977. Economic growth in real terms fell by over half, however, from 2.7 per cent to 1.3 per cent over the year.

This deceleration in the economy, as expressed by real GNP development, is attributed by the Working Party to

pressure from imports on the domestic market and the dampening effect of high exchange rates on export activity. Nevertheless, overall domestic demand rose faster than in 1977, with a real-terms increase rate of nearly 3 per cent (compared with 2.1 per cent), while visible exports grew by a further 6 per cent in real terms following the 10.7 per cent rate recorded in the previous year.

The forecasters join bank economists in predicting a rise in gross national product in 1979 by about 1 per cent in real

terms. The balance-of-payments on current account, for which the working party expects a 1978 surplus similar to that of SwFr 8,278m recorded last year, is expected to show an "undiminished" surplus again in 1979.

AP adds from Basel: Prognos AG, a Swiss-based private economic research centre said yesterday it expects unemployment in Europe to increase dramatically during the next 10 years, with Ireland and the Netherlands forecast to be hit hardest.

large measure on the outcome of the current negotiations between employers and unions on an incomes agreement to replace the one which will expire in March. Industrial investment is forecast to grow, particularly in engineering and agriculture-based industry.

Norway is the only one of the four countries predicting a fall in the economic growth rate in 1979 despite its expanding revenue from oil. The slowdown will result from the Government's belt-tightening actions, which have been inspired by the very swift rise in the foreign debt.

Sweden is scheduled to show the fastest growth next year—a per cent—according to "Nordic Economic Outlook." But Sweden was also the only Nordic country to experience a decline in GDP in 1977.

## Higher growth forecast for Nordic bloc

BY WILLIAM DULLFORCE

STOCKHOLM — Economic growth in the Nordic bloc, which has been lagging behind during 1977 and 1978, should start to catch up with that of the rest of the OECD area next year. Denmark, Finland, Norway and Sweden anticipate an average increase in gross domestic product of 3 per cent in 1979 compared with the 3.5 per cent forecast for the OECD as a whole, according to "Nordic Economic Outlook," a half-yearly joint forecast by the four federations of industries.

Private consumption continued to be weaker than the OECD average through 1978 in the Nordic countries. But with the exception of Norway, where the Labour Government has imposed a 15-month wage and price freeze, demand is expected to pick up during 1979. This acceleration will be prompted by

increases in real disposable incomes and—in Norway and Sweden—in inventory investment.

Payments problems have dominated Nordic economic policies during 1978. Restrictive domestic measures have succeeded in reducing the current account deficits with Finland even showing a surplus. The deficit for the Nordic bloc as a whole has probably been more than halved to around \$4.5bn this year.

However, the Nordic countries accounted for more than a third of the overall OECD deficit in 1977 and their 1978 performance must be compared with the broadly balanced current account position of the OECD this year.

The improvement in the Nordic foreign balances also

resulted more from a fall in import volumes than from strong export growth, although both Sweden and Norway increased exports fairly rapidly in 1978. Next year the contribution of foreign trade to growth will be smaller. The Federation's economists expect the Nordic current account deficit to enlarge again towards \$6bn.

The Nordic economic expansion predicted for 1979 is likely to be achieved without much change in employment. Government subsidies and other support measures over the past two years have resulted in extensive under-utilisation of manpower even forecast to increase in 1979.

The 1979 performance of the Danish economy will depend in

## China misses harvest target

BY DAVID HOUSEGO

A SERIOUS setback to China's hopes of rapid modernisation has emerged with the disclosure that output of grain this year, expanded by a disappointing 3.5 per cent to 256m tons, equivalent to 10m tons over last year's level.

Annual rises of 13-14m tons would be needed to achieve the target of 400m tons a year by 1985 announced by Chairman Hua Kuo-feng in February when he presented the country's new economic plan.

Observers at the time anticipated that China's grain output would climb this year by 20m tons after the droughts of the previous two years caused hardly any increase in production.

Peking's release of the grain output figure for this year, usually only percentage increases are announced, appears to be part of a new openness about the performance of the economy. A commentary by the New China News Agency (NCNA) attributed the shortfall to "severe drought" that affected many provinces and to other "shortcomings."

China needs higher grain production to diminish wheat imports which continue to be a

drain on foreign-exchange needed for the purchase of capital goods. Wheat imports

Leaders of 50,000 students on strike in South China in protest at forced farm labour yesterday demanded a meeting with Chairman Hua Kuo-feng. The students spoke to Peking crowds after a 10-day march from Yunnan province. Another wallposter has called for the appointment of Mr. Chiang Ching-kuo, Prime Minister of Taiwan, to a top post when the country is reunified.

were about 8m tons in 1978, slightly down on 1977, but wiping out foreign-exchange earnings from oil. Consumption is further expected to rise with

the increase in wages granted 18 months ago.

The one encouraging feature of this year's grain output is that the increase is considerably higher than the average annual 2.2 per cent increase in output achieved between 1957-75—though not high enough to redeem the two bad years that preceded it.

The NCNA also reported production increases in various other agricultural crops but gave no details. This suggests that agricultural production as a whole is likely to be behind the annual 4.5 per cent growth rate announced by Chairman Hua. The slow growth of agriculture is seen by the Chinese leadership as the main bottleneck to their modernisation programme.

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مكازم التحصيل



## OVERSEAS NEWS

## Israeli soldiers destroy new illegal settlements

BY L. DANIEL

TEL AVIV — Attempts to set up unauthorised settlements on two hills overlooking Jerusalem were stopped by the Israeli army yesterday. Fifty families belonging to the small ultra-religious and nationalist "Gush Emunim" movement, which had an authorised settlement in a former Jordanian army camp near Neve Samuel, last night set up tents on the two hills.

Gush Emunim had earlier announced that after the expiry of the three-month standstill on settlements agreed at Camp David, it intended to set up new settlements in the West Bank next to existing ones. While the Israeli Government favours the strengthening of Jewish settlement in the West Bank, it has not raised the issue of whether the standstill refers to the three months which expired

on December 17 or the period needed for the conclusion of the negotiations with Egypt.

The Gush Emunim settlers were arrested and taken to a police station. Many lay down on the site and were carried away by soldiers.

In Jerusalem, the Israeli Government has been warned that if the cabinet approves the 1979-80 budget, inflation will again reach 50 per cent in 1979, and the trade deficit will increase by \$500m.

Mr. A. Gafni, governor of the Bank of Israel, the country's central bank, urged a cut of 15.5bn, which would reduce deficit financing by 25 per cent and the likely inflation rate to between 35 and 50 per cent, he said. He also urged the cabinet not to give in to Ministers'

demands for higher allocations, since any further increase in the budget would accelerate inflation to 60 per cent or more.

Budgetary restraint was not enough, the governor said, but would have to be accompanied by a suitable monetary policy, control of construction, the accelerator in the Israeli economy, and a reduction of some import duties to stop people buying to beat inflation.

AP reports from Cairo: President Anwar Sadat said yesterday that there was a "very good chance" of peace negotiations with Israel resuming soon but said that Egypt had not yet received an invitation. His statement followed Mr. Menachem Begin's statement that he was prepared to hold "clarification talks" on two issues standing in the way of a treaty.

## Sadat seeks control of subsidies

By Roger Matthews

CAIRO — President Anwar Sadat of Egypt held a closed-door meeting with the parliamentary members of the ruling National Democratic Party yesterday to discuss the politically sensitive issues involved in drawing up the 1979 budget. He has already warned of possible "radical decisions" involving the subsidy of essential commodities and postponed by a week a visit to upper Egypt.

The Government has been trying to test public reaction by leaking the general lines of its discussions. Encouraged by international agencies and threatened by a spiralling budget deficit, the Government is urgently seeking some formula that would check the growth of subsidies without provoking the vicious rioting that occurred in January 1977, the last time an attempt was made to tackle the problem.

As a gesture to public opinion Mr. Sadat announced on Christmas day that cabinet ministers would have their official Mercedes cars taken away and replaced by the more humble Volkswagens. He was also stressed that subsidies, which are estimated to be running at an annual rate of £E1.15bn (\$1.5bn) would have to be rationalised to ensure that they only went to those people most in need.

According to government sources, direct subsidies are costing just over £E464m a year. Indirect subsidies account for a further £E509m while losses incurred by public sector companies amount to £E146m.

It has been suggested by ministers that subsidies could be paid directly to the lower income groups via increased wages and pensions, or that the ration card system could be extended. However in either case the ministers are indicating the prices of some basic commodities will have to rise if the budget deficit is to be controlled.

## Parties formed for Nigeria's return to civilian rule

BY OUR OWN CORRESPONDENT

LAGOS — Five political parties have qualified to contest the elections through which Nigeria is returning to civilian rule next October, it has been officially announced here.

All five are led by politicians who were prominent in the 1960s, before the military coups of 1966 put an end to party politics.

The new parties are: The Unity Party of Nigeria (UPN), led by Chief Othman Awolowo; the National Party of Nigeria (NPN), which recently voted Alhaji Shehu Shagari as its presidential candidate; the Nigerian People's Party (NPP), led by Dr. Nnamdi Azikiwe, Nigeria's first President; the Great Nigeria People's Party (GNPP), led by Alhaji Waziri Ibrahim; and the People's Redemption Party (PRP), under the leadership of Alhaji Aminu Kano.

The five parties are among 50 odd political associations formed since September, when Nigeria's military rulers lifted their 12-year-old ban on party politics, in keeping with their programme to restore civilian rule next October.

All the political associations were obliged to register with the Federal Electoral Commission before they could function legally as political parties. Nineteen of them applied for registration, but only five satisfied the commission's conditions, one of which is that they should be national in character and have offices in at least 13 of the country's 19 states. Unsuccessful parties included Socialist and militant groups. One of them is the Movement of the People, led by controversial musician Fela Anikulapo Kuti. Another is the Nigerian Advance Party, formed by Lagos lawyer Tunji Braithwaite, who canvassed for the wholesale rejection of the old politicians.

The Unity Party of Chief Awolowo, the veteran politician

and federal leader of the opposition when the army intervened in 1966, was the first to be born and announce its manifesto. Its four objectives are to provide free education at all levels, integrated rural development, a free health scheme and full employment. The National Party of Nigeria has five main campaign points: mass literacy, national unity, poverty eradication, fundamental human rights and economic improvement.

The Peoples Redemption Party of Alhaji Aminu Kano, a former federal minister, plans to boost agriculture, restructure national economy to ensure self sufficiency and eliminate unnecessary imports. Dr. Azikiwe's Nigerian Peoples Party has promised a further breakup of the Nigerian Federation into smaller states and an equitable allocation of revenue between states.

The Great Nigeria Peoples Party which has had to contend lately with a major split in its party hierarchy, plans to introduce a welfare state.

It is still far from clear how these parties will fare in the five elections to be held next year at both state and federal level, ending up with the all-important poll for an executive president under Nigeria's new constitution.

Most Nigerians vote for personalities rather than policies and the five major parties derive their initial support from the home bases of their proclaimed leaders.

Political heavyweights are scattered among the five but there seems to be more in the National Party of Nigeria. The NPN leader, Alhaji Shehu Shagari, together with rivals Alhaji Kano and Alhaji Waziri, has a tremendous following in northern Nigeria. Chief Awolowo and Dr. Azikiwe have equally good followings in the south. One obvious implication is that presidential aspirants and their parties will have to look outside their regional strongholds for deciding votes.



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## Gandhi woos Janata disaffection

BY K. K. SHARMA

NEW DELHI—Mrs. Indira Gandhi, the former Indian Prime Minister who was released from jail on Tuesday night, has decided to continue the agitation started by her Congress Party against the Janata Government. She made this plain when she addressed a special meeting of her parliamentary party yesterday.

Mrs. Gandhi told members that the present agitation against the "undemocratic and dictatorial" Government of the Janata party should continue. The agitation was launched the day she was jailed and there were incidents of violence all over the country for at least three days, although it seemed to have fizzled out after that.

The former Prime Minister held discussions with her close confidantes on her strategy to topple the Janata Government.

She apparently intends to woo the former Home Minister, Mr. Charan Singh, who has now openly criticised Prime Minister Morarji Desai and threatened to form his own party in the middle of next month.

He would have done this by now but finds that many of Mr. Desai's cabinet colleagues are dissatisfied with the Prime Minister's methods, especially his refusal to order an inquiry into corruption charges against his son, Kanti. This matter is now to be taken up by a group of ministers and its recommendations could be embarrassing for Mr. Desai.

The issue of charges against Mr. Desai's son is expected to figure prominently when the Janata Party's National Executive meets for two days from today. Pressure on him to order an inquiry is growing and this

is important since it is coming from the rank and file, even those belonging to groups that are committed to support Mr. Desai.

Mrs. Gandhi, meanwhile, is pressing ahead with moves to unite the split Congress party and a former merger is thought to be just a question of time. The party split almost exactly a year ago.

## Zambia casualties

LUSAKA — Some 50 persons were killed in last week's cross-border raid by Rhodesian troops into Zambia, a spokesman at Lusaka's General Hospital indicated yesterday.

The spokesman said 50 bodies had arrived at the hospital following the Rhodesian raid on Friday 80 miles into Zambia. Another 60 persons were being treated for wounds. AP

THE war in Eritrea, the northern province of Ethiopia, is the biggest conflict raging anywhere in the world today. At the end of last month Ethiopian troops, said to be directed by Russian officers, drove the Eritreans out of the key town of Keren and forced them back to guerrilla warfare. Dan Connell, who was in Keren when it was evacuated, describes the latest climax in the war in the Horn of Africa.

## The flight from Keren

The high-pitched whine gradually turned into a throb as the wave of Mig-23 jet fighters passed overhead en route to the battlefield. Beneath our feet the ground shook from the pounding of exploding rockets and artillery shells.

The sharply escalated fighting between Eritrean nationalists and Russian-led Ethiopian forces was reaching a climax 12 miles to the south at the formerly Italian-owned Elabaret citrus plantation. Meanwhile the guerrillas systematically evacuated Keren, the second largest city in the Red Sea territory of Eritrea and a kind of shadow capital for the Eritrean People's Liberation Front (EPLF) since it was captured from the Government in July last year.

The Ethiopian army was steadily grinding toward Keren, and the EPLF was in retreat, but the guerrillas gave up ground grudgingly, determined to whittle down their more powerful enemy before it could pass north from Keren into the heart of their base area.

The campaign opened in mid-November after a two-month lull following unsuccessful Ethiopian efforts to reach Keren. These battles had been described as the heaviest in the 17-year war, but they were dwarfed by the most recent sequence in which hundreds of Russian-supplied and in some cases, Russian-driven armoured

vehicles spearheaded simultaneous drives on five fronts against EPLF positions.

More than 100,000 Ethiopian troops took part in this latest phase according to EPLF leaders, playing a secondary role to the armour, artillery and planes. The guerrillas are highly armed mostly with captured Ethiopian weapons, and are not equipped for long range, conventional confrontations.

Within three days EPLF leaders saw that they lacked the fire power and numbers to hold out against the Ethiopian forces, and retreated along the highway making the Asmara capital with the Red Sea port of Massawa, narrowing the confrontation to two battlefronts south and west of Keren.

The Government had mobilised forces from throughout Ethiopia for this campaign, striking thousands of troops from the Ogaden, where earlier this year they fought with Russian and Cuban help, Somali troops and guerrillas.

Soviet involvement was much deeper than in the previous phase of the campaign. EPLF leaders say that General Vasily Petrov, who organised the successful Ethiopian campaign against Somalia in the Ogaden earlier this year, was in charge of the Ethiopian ground forces.

An unnamed Soviet general commanded the air force and 11 Russians with the rank of Lieutenant Colonel commanded frontline units.



One of them said to be called Lieut. Col. Eduard, was seriously wounded and later died in hospital in Addis Ababa, according to EPLF intelligence.

The EPLF could not withstand the punishing bombardment from 122 and 160mm Russian artillery, Stalin Organ rockets and non-stop aerial bombing on the open plains near Asmara and Agordat. They fell back day by day, one brigade peeling off at a time to reform, until they were 12 miles from Keren on two sides.

It was already too late. A third front had opened up along the coast, threatening to carve up their base area and cut their supply lines. By then the decision to abandon Keren and re-

turn to the countryside had been taken, but the EPLF fought one last two-day battle at Elabaret.

Before the 35,000 man Ethiopian infantry force was over the lip of a narrow valley, the guerrillas leapt from hidden positions to face the tanks in hand to hand combat. Taken by surprise, the tanks pivoted and spread out in disarray followed by the men.

For the next 48 hours the fighting raged. Planes bombed the valley, but the guerrillas pursued the troops into the valley and they were surrounded. At sunset the battle was over.

Hundreds of Ethiopian bodies littered the hillsides and valleys, burned tanks rusted in the sun, and the stench of death was overpowering.

The Russian-style Blitzkrieg gave Ethiopia back control of the last of the major towns and highways. The conventional war in Eritrea is over, and now begins the protracted struggle for control of the countryside.

"The war has changed and it is going to escalate because there will be so much Russian intervention," said EPLF military commander Petros Solomon. "Certainly the fighting will increase, but I think from now on we will have the initiative in the war. Now they are dispersed and we will use guerrilla tactics in their rear areas."



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## AMERICAN NEWS



Mr. Michael Manley, Prime Minister of Jamaica.

## World leaders meet in Jamaica

By Canute James in Runaway Bay, Jamaica

RUNAWAY BAY, JAMAICA—Six world leaders will meet here today to try to find ways of restarting the stalled "North-South Dialogue," which aims at establishing a new world economic order.

Mr. Michael Manley, Jamaica's Prime Minister, has brought together leaders from Europe, North America, Latin America, Africa and Australia for two days of informal discussions which, he hopes, will lead to a more equitable distribution of the world's riches.

The leaders are: Mr. Malcolm Fraser, Prime Minister of Australia; Mr. Pierre Trudeau, Prime Minister of Canada; Mr. Helmut Schmidt, West German Chancellor; Mr. Odvar Nordli, Prime Minister of Norway; Lieke Martens, Ombudsman of the Netherlands; and Mr. Carlos Andres Perez, President of Venezuela.

Mr. Manley wants the talks to centre on two general areas: an attempt to find a way to slow down, or declare a moratorium on developing countries' debt payments to the industrialised nations, including the U.S., and to work out a more equitable price exchange system for raw materials and finished products. Jamaica's Daily Gleaner said if the leaders could reach some kind of a consensus on those issues, the North-South Dialogue between industrial and developing nations, which broke down in Paris last year, could be started again.

## U.S. mediator despatched to Nicaragua

WASHINGTON—A State Department mediator, Mr. William Bowdler, left here yesterday for Nicaragua in a further attempt to impress upon President Anastasio Somoza the U.S. view that Nicaragua's internal strife must be speedily settled by a plebiscite on the President's rule.

The State Department announced on Tuesday that Mr. Bowdler—who represents the U.S. in the international mediation team that includes the Dominican Republic and Guatemala—and the U.S. Ambassador to Nicaragua, along with the chief of the U.S. Army Southern Command based in Panama, had all been recalled to Washington for consultations.

The Department criticised President Somoza's refusal to accept the mediation team's "fair and workable" plan for a plebiscite as "a serious snag." The principle of a plebiscite on the future of the President had been accepted by Mr. Somoza himself and the opposition groups. But President Somoza has so far refused to accept any outside international supervision of the plebiscite.

## Slow growth forecast for retail sales

By David Buchan

WASHINGTON—Retail sales, a major element in the U.S. economy which accounts for over 40 per cent of total goods and services output, will grow more slowly in real terms next year, the Commerce Department has predicted.

The department forecasts that 1979 retail sales will total \$657bn, a 10 per cent rise. This is about the same rate as during this year but, because of rising inflation, is less in terms of real growth.

Growth in the volume of department store sales is likely to slow to 11 per cent, compared with 13 per cent in 1978—a forecast that squares with some predictions put out by such major U.S. chains as Sears, Roebuck and J. C. Penney, which forecast higher interest rates and tighter consumer credit will affect sales of their bigger durable goods.

The Commerce Department study warns that "unless the inflationary psychology affecting consumer and business behaviour abates, the prospects for steady real growth are clouded."

The Carter Administration continues to insist that the U.S. is not heading for anything resembling a recession next year, and has forecast that growth in the last three months of 1978 will turn out surprisingly strong.

## Carter plans wage talks with top union leaders

BY STEWART FLEMING

NEW YORK—Aware of the threat to its anti-inflation policy posed by the rift with organised labour, the Carter Administration has invited Mr. George Meany, President of the AFL-CIO, and other top labour leaders to meet the President on January 12.

It will be the first meeting between the ageing head of the AFL-CIO and the President since last August. Since then Mr. Meany has led the AFL-CIO's outspoken opposition to the Administration's voluntary wage/price guidelines, arguing that they hit workers hardest and that mandatory controls would be fairer.

Administration officials feel that the AFL-CIO's fierce opposition to the voluntary programme diminishes its chances of success. Several union

leaders have said they do not feel the 7 per cent guideline for increases in the first year of labour contracts being negotiated in 1979 allows them to seek adequate wage rises. This week the rubber workers union said it could not settle on a new contract on the basis of a 7 per cent increase.

The Administration hopes that President Carter can convince Mr. Meany and his colleagues to modify their opposition to the guidelines. One tack might be to point out that if the anti-inflation programme does not work because unions break the guidelines, organised labour will be saddled with a large measure of responsibility for continuing inflation and its economic consequences.

While officials may hope that

such arguments and appeals to the national interest can soften Mr. Meany's position, there are fears too that the meeting between him and the President may only serve to widen the breach. Mr. Meany is already expressing concern about the impact of budget cuts on social programmes and privately top officials concede that the two men find it difficult to get along.

In the background, talks are approaching the January 3 deadline when the oil, gas and atomic workers' current contract expires. Union rank and file and the leadership have made it clear that they do not feel bound by the guidelines. A settlement of these talks outside the guidelines, while not a mortal blow to the programme, would certainly weaken its chances of success.

## Air safety drive follows crash

By Our Own Correspondent

WASHINGTON—The radar services at about 80 airports are to be improved, and the number of airports at which pilots must have radar guidance is to be increased, under a new safety programme announced yesterday by the Federal Aviation Administration.

Designed to reduce the threat of mid-air collisions, the announcement of the programme which will cost \$54m, comes three months after the U.S.'s worst air disaster, in which 141 people died when a Pacific Southwest Airlines aircraft, collided with a private plane over San Diego airport in California.

## WASHINGTON NEWSPAPER DISPUTE

## The time bomb ticks away

BY DAVID BUCHAN IN WASHINGTON

NEWSPAPER SHUTDOWNS take place on both sides of the Atlantic. They often carry a sizeable element of bluff. No one expects the New York Times to fold for good this summer, and it did not. Few expect the London Times and Sunday Times to disappear for ever, and they probably will not. Now, Time Inc., the largest U.S. magazine publishing empire, is threatening to close down the Washington Star, which it bought only eight months ago.

Time is insisting that the Star's 11 unions sign new five-year contracts, agree to redundancies, and allow radical changes in pay arrangements for remaining employees. In fact, four unions (including the journalists' union) representing half the newspaper's workforce, had by the start of this week reached definitive or tentative contract agreements.

But Mr. James Shepley, president of Time, sought to emphasise just before Christmas that his threat to shut down Washington's only evening paper bore no resemblance to the dispute at Thomson Newspapers in the UK.

"If we go down, we stay down," Mr. Shepley bluntly warned the Star union leaders, representing 1,270 of the newspaper's 1,400 employees. "It is a Washington fact of life that the Star could never recover from a shutdown. With all advertisers, all readers swinging automatically to the Washington Post, we could never recover," he said.

So much for the stick. The carrot that Time is offering is \$80m—to be spent over the next five years to bring the financially ailing Star back into the black and within lunging distance of its rival, the highly successful Post.

To underline his threat, Mr. Shepley pointed out that Time paid "a very low price" for the Star, \$20m for the paper and \$8m in assuming a mortgage debt from the previous owner, Mr. Joe Albritton, a Texas millionaire. Selling off their real estate would allow Time to wash its hands of the Star at a loss of less than \$10m after tax—by no means an unacceptable loss, the Time president said.

The bitter risk. Time claims, is to continue the Star as it is, with \$10m losses this year and likely to be higher next year. The Star's losses, curbed under Mr. Albritton's tenure, now seem to be on the rise again.

The dowager of Washington newspapers, the 126-year-old Star has had a checkered life of late. Three changes of owner in the past five years have not stemmed its post-World War II decline against the resurgent Post, which has captured 80 per cent of the capital's pool of advertising revenue and has a circulation of nearly 500,000 compared with the Star's 330,000.

The transparent desire of recent proprietors to get rid of it apparently even attracted the attention of the South African Government. According to Johannesburg Press reports last month, the Pretoria Government, eager for a voice sympathetic to its cause in the American capital, secretly paid a Michigan publisher, Mr. John McGoff, \$11.5m to help him try to buy the Star a few years ago. The money reportedly was returned, and Mr. McGoff in any

## New economic team will fight boycott of Chile

BY ROBERT LINDLEY

BUENOS AIRES—The almost completely new economic team which resulted from President Augusto Pinochet's partial Cabinet reshuffle on Tuesday will be charged with trying to defray the cost of the boycott against Chile by both the Inter-American Regional Labour Organisation (ORIT) and the American AFL-CIO union group.

ORIT has announced that its members will not handle Chilean, Nicaraguan or Cuban imports and exports after January 8 because of the three

countries alleged systematic violation of human rights. The AFL-CIO has announced that it will join the boycott.

Gen. Pinochet replaced six ministers, out of a total of 16. The ministers of economy, labour, education, mining, housing and planning. The new Economy Minister is Sr. Roberto Kelly, who President Pinochet replaced as Planning Minister by Sr. Miguel Kast. Sr. Kast was previously the number two man in the Planning Ministry. Sr. Sergio de Castro stays on as Treasury Minister and, as such, heads the economic team.

case describes the whole allegation as nonsense. Time and its management at the Star refuse to spell out what they are demanding of the unions. But union sources say the management wants drastic reductions among Star printers—from the present level of 175 to as few as 25 by the end of five years—and to freeze the basic pay schedules of journalists above the grade of junior reporter, while giving merit increases where and how they see fit.

These merit increases, Mr. Shepley has promised, could be substantial, to the extent that the Star would have to ask to be treated as a special exception under President Jimmy Carter's new 7 per cent ceiling on annual wage increases. Much of the rest of the \$80m which the Time board would inject into the Star would go on capital investment, such as a new computer typesetting and in-put system.

The Star, one of the first American newspapers to switch to a computerised system, has a hodge-podge of equipment

Only eight months after buying the Washington Star, Time Inc. is waving the stick of closure and offering the carrot of heavy investment in its attempt to persuade unions representing workers on the newspaper to sign contracts covering redundancies and new arrangements over pay.

that Mr. Shepley described as "a chewing gum and bailing wire operation that won't go on much longer."

The newspaper unions have taken a beating in Washington. Since the bitter, union-breaking strike at the Post three years ago, their hold has slipped. Neither the Guild (the journalists' union), nor the Pressmen (the main printers' union), nor the Teamsters (which groups delivery truck drivers and miscellaneous workers) currently have contracts with the Post.

Time Inc. is now making the pitch that the survival of the Washington newspaper unions depends solely on continued publication of the Star.

It is also claiming a track record of long-term, often ruthless, publishing decisions that have paid off its subsidiary, Sports Illustrated, was subsidised for 10 years before it turned into a solid money-spinner, while Life magazine was killed off almost at the height of its circulation because it was seen to be a long-term loser (it has just disappeared, however, as a monthly).

In recent years the Star has become less genteel and more journalistically competitive. Much of the change came under a previous editor, Mr. James Bellows, who vastly improved its national political coverage and, among other things, introduced a racy gossip column, the "Ear" (run by an English woman).

With the advent of Time, the Star now carries the Time-Life foreign news service. This on occasion makes it competitive with the Post on foreign news.

## WORLD TRADE NEWS

## Carter reverses fasteners decision

WASHINGTON—President Carter has reversed an earlier stance and decided to raise import duties on industrial fasteners from Japan and other countries.

Mr. Robert Strauss, the U.S. Special Trade Representative, said Mr. Carter's decision was based on deteriorating economic conditions in the domestic industry. In November the U.S. International Trade Commission (ITC) called for "import relief" for U.S. producers of iron and steel nuts, bolts and screws.

Import duties on large screws will increase to 15 per cent from 9.5 per cent to 12.5 per cent, according to Mr. Strauss's office. Duties for bolts, currently 0.2 cents a pound and for nuts, currently 0.1 cents a pound, will increase to 15 per cent plus the existing duties.

The higher rates will remain in effect for three years, the office said. As required by law, they will be formally announced within the next 15 days.

## Increase in Soviet deficit seen

By Roger Boyes

THE SOVIET trade deficit with the West this year may be as much as 700m roubles (about \$300m) higher than in 1977, thus upsetting recent developments in the East-West trade balance, according to the latest bulletin on the Deutsches Institut fuer Wirtschaftsforschung.

The institute, which makes a close study of East European economies, reported that Comecon imports rose considerably faster than exports in the first half of 1978. This was mainly because Soviet imports from the West grew 8 per cent faster than in the same period in 1977 and exports to the West fell by 2 per cent.

If these trends are reflected in the second half, the bulletin argues, the Soviet deficit could be higher by 700m roubles measured in transferable roubles, Comecon's common external unit while the six East European Comecon countries will fall by 300m roubles.

By contrast, in 1977 the Soviet Union's trade deficit with the West declined from 500 roubles to 100, while the European Comecon countries cut their deficit from 500 to 400 roubles. The bulletin maintains that the recent temporary stagnation in East-West trade will probably not persist.

## EAST AFRICAN TRADE

## Kenya shows the way on computers

BY JOHN WORRALL IN NAIROBI

The widespread belief that computers are an irrelevant technology in the Third World, expensive toys for the elite to play with, is proving to be untrue in Kenya. Their uses and applications are expanding as fast as manufacturers can bring them in and many Africans have mastered their complexities. In the field of big, main frame computers ICL of Britain has the edge over IBM.

In Kenya the computer is coming into its own, and the country has long shared the United Nations point of view that computer technology can significantly contribute to accelerating the rate of social and economic progress in developing countries.

Banks, industry, parastatal bodies, Government, agriculture, Nairobi University, the railways, the port of Mombasa, and major research and development projects are finding increasing uses for computers in all ranges and all sizes, from the big main-frame computer to the mini versions.

Cash flow forecasting of the power and lighting system in Nairobi, calculating the optimal material mix at the British American Tobacco Company, the wagon control system of the railways—all are among the computer uses in Kenya, apart from regular pay roll invoicing.

Two independent, private enterprise data processing bureaux are busy, one with 100 clients and many one-off operations, including market research analysis, structural research analyses for engineering companies, a forecast of crops for a sugar company, and work for big research project into wild life. Computer investment in Kenya is estimated to be about £13m and going up. Of the 40 main frame computers, ICL has provided some 25, followed by IBM's 10.

America's NCR last year chalked up its highest sales in two decades in Kenya, with the big banks, Barclays, Standard and the Commercial Bank of Africa, among its largest customers. Burroughs, Olivetti, Data General and Wang (a newcomer) are also competing hard in an expanding mini-computer market.

Do computers create unemployment in developing countries by displacing clerical staff? "One cannot deny that some jobs are destroyed," says Mr. Mike Eldon, general manager of ICL. "The net effect, however, is difficult to measure through. All one can say for certain that the introduction of computers changes the mix of jobs, changes the organisational structure, and in such a way that many people acquire new skills and disciplines and become more productive."

Computer jobs, far from being expatriate dominated, are largely filled by young, educated Africans, who are moving steadily into the business. Many companies have ongoing training schemes and some send employees overseas for advanced training.

"Out of our work force of 90 in Nairobi only four are expatriates," said Mr. Eldon. "We have our own training school with three full-time staff and a manager, providing more than 40 weeks of training a year in a full range of operating, programming and systems courses. Training includes such courses as on-line techniques and financial modelling. Specialised courses for engineers, programmers, users and senior management are given by ICL in Britain."

"Our employees will be studying for as long as they stay with us," says Mr. David Rees, managing director of NCR in Kenya. "Computer technology advances so quickly these days that anyone in the industry needs constantly to update his knowledge." Mr. Rees's sales team has 20 different courses on a mandatory basis.

One young Kenyan African, Mr. John Liboyi, a physics and maths graduate of Makerere University now with ICL, trained in Kenya and Britain and worked his way up to be manager of the systems and technical support department of the company.

Bright young men like John Liboyi are an essential part of the ICL operation Kenya, working in the sensitive areas of top executives and senior management. In Kenya, the man who supplies the computer usually has to go in with the complete package. He advises on the recruitment and training of the customer's staff and the organisation of the computer department, supplies training courses for senior management, works out computer applications and provides full back-up services.

## Iran pulls out of \$575m Bell helicopter contract

BY STEWART FLEMING

NEW YORK—The Government of Iran has pulled out of a major military contract worth \$575m with the Bell Helicopter subsidiary of the U.S. conglomerate Textron.

The Iranian Government has told Textron that it is terminating work on the contract for the co-production of Bell helicopters because of "force majeure events," a clear reference to the political turmoil in the country and the shifting priorities of the Government.

The termination of the helicopter programme is part of an emerging pattern of cutbacks and delays in overseas purchasing, particularly in the military area.

The Shah has previously told the U.S. that he is deferring

previous plans to ask the U.S. to sell Iran several billion dollars of weapons in order to channel the money into social programmes in the hope of meeting domestic political criticism.

Companies such as General Dynamics and Grumman, for example, are expecting deferral of plans to buy military aircraft which they manufacture and State Department officials have reported that negotiations with Westinghouse, the giant electrical equipment producer, over possible construction of nuclear generating plants have been suspended.

Textron announced earlier in the month that Iran had failed to meet an advance payment on the helicopter co-production contract due on October 1, and

that it had therefore stopped work on the project.

It said then and repeated again yesterday that its other Iranian contracts for training helicopter pilots and building repair facilities have not been affected.

Coupled with the news that Iran has stopped oil exports however, the announcement of the termination of the Bell contract will undoubtedly intensify anxieties among U.S. companies, including banks, which have business relations with Iran.

The ending of oil exports could present the banks with a particularly difficult problem since it deprives the country of the bulk of its foreign exchange earnings.

## N. American boost for Tootal

BY RHYD DAVID

TOOTAL, the Manchester based international textile group, is making one of its senior directors, Mr. Derek Allen, to the United States to supervise the group's expanding American activities.

The company already has a substantial U.S. presence through American Thread, one of the leading manufacturers of industrial and sewing threads, and is hoping to complete early next month the purchase of the retail chain "Up'n Down" acquired earlier this year in a \$19.3m deal.

The acquisition will add around \$60m to Tootal's North American turnover bringing the total, including American Thread, Bell Thread in Canada

and exports from the UK, up to around \$200m.

Mr. Allen, who is currently chairman of English Sewing Cotton, one of the main Tootal subsidiaries, will be responsible following his move in April for the overall supervision of group interests in both North and South America.

One of his first tasks will be to see through the establishment of a new Tootal subsidiary, probably to act eventually as a holding company for Tootal's U.S. interests, including American Thread.

Tootal, which had sales of £194m in the first six months of its current year, has been expanding its overseas activities for some time and has been

seeking at the same time to move away from dependence on basic spinning and weaving activities.

A new subsidiary was formed two years ago, to take advantage of trading opportunities in a variety of products in the Far East, and the group has recently announced a restructuring of its Australian activities following its purchase of a major stake in the Australian company Bradmill. Mr. Allen said that the group would be looking for further expansion in North America.

Following his move to the U.S., Mr. Allen will relinquish his position as chairman of English Sewing, but he will retain his seat on the main board.

## Japan in \$200m Saudi project

TOKYO—Japan and Saudi Arabia are planning to join forces to build one of the world's largest methanol plants in the northern part of the Arab state, according to industry sources here.

A spokesman for Mitsubishi Gas Chemical, which is in charge of the project in Japan, said officials from Saudi Arabia's State-owned Basic Industries Corporation and Japanese industry leaders will meet next month to discuss details. A formal agreement is expected to be signed by next March.

Present plans call for construction of a methanol plant capable of producing 600,000 metric tons a year at Al Jubayl on the Gulf. The Japanese group, including C. Itoh, a lead-

ing trading house, would import about 85 per cent of the plant's output, an amount expected to meet about 60 per cent of annual domestic demand.

Construction of the plant is expected to cost some \$200m. The Saudi Arabian Government would provide 60 per cent of the funds while 30 per cent would be shouldered by a joint company to be established by the two sides. The remaining 10 per cent would be acquired from Japanese banking institutions.

Since the project represents a major economic co-operation

between Japan and Saudi Arabia, the spokesman said, the Japanese Government would also be asked to invest in the project.

A Japanese consortium of 21 banks led by the semi-official Export-Import Bank of Japan has decided to supply an additional ¥38.5bn (about \$198m) loan to a Japanese investment company, Iran Chemical Development (ICD), to help finance a 50-50 joint Iranian-Japanese petrochemical project, the Export-Import Bank said.

AEI-DI and Reiter

## China joint venture talks

TOKYO—Tokyo Sanyo Electric, an affiliate of Sanyo Electric, specialising in refrigerators, said it has received inquiries on the setting up of refrigeration equipment plants in China, including the possibility of a joint venture. It would be the first joint venture with China.

The company said discussions on the type of equipment, the scale, locations and means of joint co-operation were under way.

It was reported that the municipalities of Peking and

Shanghai made the offer to Tokyo Sanyo when a delegation of revolutionary committees from the two cities visited Japan recently.

The newspaper Nihon Keizai Shimbun said the Japanese would be allowed to have a 49 per cent interest in the proposed joint company, which would make freezers and refrigerated showcases for food stores.

The company declined to comment further on details. It is expected that the parent, Osaka-based Sanyo Electric, will also take part in any venture.

## EEC fair trading probe

BY GILES MERRITT

BRUSSELS—The European Commission has been asked to investigate allegations that the Belgian Government is involved in a distortion of fair trading conditions through its application of regional development aids.

A Belgian wallpaper manufacturer, Erbe, has lodged a complaint with the Brussels Commission in which it singles out the State aids being made available to a competitor, Balamundi-Gemval, as contrary to EEC competition law.

The Erbe submission is under-

stood to be that direct subsidies totalling Bfr 220m (£4.8m) and State guarantees for Bfr 170m worth of loans authorised by Belgium's Walloon regional development authorities constitute a trade distortion inside the country's wallpaper industry.

Monsieur Brooks, a Bond Liebig Benelux, the subsidiary of the major U.K.-based group, is reported to have withdrawn its appeal to the European Court of Justice against an EEC Commission ruling that it had broken Community competition rules in Belgium.

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February 1, 1979

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December 27, 1978.

مكزامن الناحل



## State spent £3.3m on 'useless yard'

By Ray Perman, Scottish Correspondent

TWO GOVERNMENT departments have spent £3.3m on building a concrete village which has never been used, and which may now have to be written off because of lack of maintenance.

The Scottish Development Department and the Department of Energy built the village near the Portavadie oil platform site in Argyll in 1975.

It was thought then that there would be a big rush of orders for North Sea fields. But there were fewer contracts than expected, and the yard failed to win any work.

Most of the land needed for the platform site was already publicly owned. The village site, however, was still privately owned, but the two departments nevertheless went ahead with building.

Since then, negotiations to buy the land have failed, and the Scottish Development Department has been advised that it probably does not own the buildings, which under Scottish law belonged to the owner of the land. The owner is a consortium called Sea Platform Constructors (Scotland), which is led by Cementation Construction.

The matter has been investi-

gated by the Comptroller and Auditor-General, Sir Douglas Henley, who is extremely critical of the behaviour of both departments.

In his report he says that the original intention was that the developer at Portavadie should sell the land on which the village was built to the Scottish Development Department. However, the contract between the government and the developer was terminated before this happened.

Sir Douglas adds that Sea Platform Constructors has now refused the Department of Energy access to the village. "As a consequence, the buildings have suffered serious deterioration and may no longer be usable."

The Department of Energy said yesterday that it had been acting as agent for the Scottish Development Department in building the village. The Scottish Development Department refused to answer questions about the village because it said it did not own it, and all queries therefore had to be directed to Sea Platform Constructors.

Sea Platform Constructors and Cementation Construction were both unavailable for comment yesterday.

## West End and City rents closer

By John Brennan, Property Correspondent

THE LEVELS of rent for City of London and West End offices have been moving closer in the past year. And two new lettings over the Christmas period serve to illustrate the current change in the traditional balance of rents in the two areas.

London and Overseas Express Freight, which took over the remaining 21 years of the lease on the 8,000 sq ft period office building at 54 Pall Mall, SW1, earlier this year has just sub-let 2,000 sq ft of offices to two tenants for an astonishing £19 a sq ft on one year rent reviews. This letting, negotiated by Goldenberg and Co., sets a new standard for rents on even the best quality West End office suites.

The firms taking the surplus space are ADEPT, a packaging design and technology group, and the U.S. company Flopetrol Services Incorporated, represented by Henry Davis. As the Pall Mall letting was being negotiated comparable offices in the City of London, two 5,900 sq ft office floors of Broad Street House at 55 Old Broad Street, EC2, were being let for close to the £17 a sq ft asking rent by Richard Ellis, and Hampton and Sons, acting for Trafalgar House Developments.

Trafalgar, which is marketing a further five 5,900 square feet of surplus space and a 12,340 square foot separate self-contained wing of its building, has let one floor to Manulife International Investment and another to Midland Montagu Leasing at close to its asking rent.

## Co-op loans to cost more

THE CO-OPERATIVE BANK is increasing the cost of personal loans in line with the general rise in the level of interest rates. The bank announced yesterday that its rate on new loans repayable over periods of 12 to 36 months will rise from next Tuesday from 15 per cent to 16 per cent.

Home development loans, repayable over 37 to 60 months, will cost 17 per cent against 16 per cent previously.

## Rank cuts link with two Japanese hi-fi companies

By John Lloyd

RANK AUDIO VISUAL has severed its marketing ties with the Japanese audio-visual companies, Akai Electric and Rotel. Rank Organisation's figures for the financial year 1977-78 will be announced next month, and while it is expected that the results for the audio-visual company will be much the same as last year, the hi-fi division is expected to show losses.

The company will probably go ahead with a modest investment programme of no more than £1m in its Bradford factory, which manufactures Leak and Wharfedale loudspeakers. Rank distributes Akai and Rotel equipment through its wholesaling network, but the weakness in the market, coupled with intense competition, has meant that the arrangement has ceased to be attractive to any of the companies.

Both Japanese companies will set up their own wholesale networks early next year. The date for the handover from Rank to Akai will be February 12, and the handover date to Rotel will be April 2.

Some 60 people, who formed the marketing team for Akai and Rotel within Rank, will be affected by the reorganisation. It is expected that some will move into the independent Japanese distribution companies.

Akai and Rotel will take over full responsibility for guarantee obligations, spares and servicing. Rank said yesterday that the trend in the market was away from marketing links between companies towards independent organisations, because of the extra pressure on profits imposed by the distributor's margins.

## Job-changers 'know pension will be hit'

By Eric Short

EMPLOYEES with pension schemes tied to final salaries normally expect to receive a lower company pension if they change employment compared with those staying with one company.

This was said by The Life Offices' Association and the Associated Scottish Life Offices in their joint evidence to the Occupational Pensions Board inquiry into the protection of occupational pension rights and expectations on change of employment.

In March, Mr. David Ennals, Social Services Secretary, asked the Occupational Pensions Board to study the present methods of protecting pension rights and to recommend improvements.

The life officer said, under the present system, an employee on changing jobs had his pension with his former employer based on his salary at the time of leaving. Since this invariably differed from the employee's salary at retirement, on which the pension expectation was

based, there was a shortfall compared with the employee who had not changed jobs.

The life officer said much protection could be given by re-evaluating the employee's salary at the date of leaving in line with average earnings up to retirement. But it warned such a move could involve companies in much higher costs in meeting the benefits provided by the pensions scheme and could be detrimental to the rights of employees who remained with the company.

Finally, the life officer thought legislation on this would be counter-productive if it did not account for the psychological, practical and cost factors. The Institute of Actuaries, in its evidence, said there was much misunderstanding by the public over pension rights and added there was no easy solution.

The actuaries also felt that any legislation should remember smaller employers. Here any additional cost could prevent pension benefits improving from current levels.

## Home prices in Scotland still rising says report

By Ray Perman, Scottish Correspondent

SCOTTISH HOUSE prices are expected to continue rising at an annual rate of between 15 and 25 per cent in 1979 despite mortgage restrictions, the Royal Institution of Chartered Surveyors says today.

The institution's Scottish branch says in a report that in the last quarter price increases of up to 5 per cent have been common and in some cases rises have been as high as 10 per cent.

Older properties in town centres have been selling well. One estate agent member of the institution reported that modern houses in outlying areas were much slower to sell.

### Best year

The market for country houses has had its best year ever with increases in prices of 25 per cent and above. Demand is strong for houses and cottages, particularly at about £100,000 for a home with 10 acres within a commuting distance of the cities.

In Edinburgh, a city centre flat that did not sell at £30,000 in September went for £34,000 in November, while a house in the suburbs gained 5 per cent of its purchase price when it resold two months later.

In Glasgow, houses have been realising 8 per cent over asking price and in one instance a detached villa advertised at £50,000 sold for £53,000.

## Orkney island plans sheep processing unit

THE people of the Orkney isle of North Ronaldsay are planning to set up a processing unit on the island to market their native species of sheep.

The island's 4,000 sheep feed solely on seaweed from the foreshore for nine months of the year.

The flock needs reducing by 300 sheep per year because of overcrowding. It is thought that smoking and processing the whole carcass and curing sheepskins would create employment on the island.

A steering committee has been investigating different methods of handling the production.

## Output 'to grow as world trade rises in 1979'

By David Freud

OUTPUT GROWTH in the UK should strengthen towards the end of next year, mainly due to improved export performance as world trade becomes more buoyant, says the London Business School Centre for Economic Forecasting.

The centre says the Government will have to introduce a deflationary Budget if it is to retain the present limits on monetary growth in the 1979-80 financial year.

On an unchanged fiscal policy, the centre forecasts a public sector borrowing requirement of about £9bn in 1979-80 and monetary expansion some 4 per cent above the upper limit of the present 8 to 12 per cent annual growth target.

The centre assumes inflation will remain the Government's priority and that the borrowing requirement will be reduced sufficiently to make the monetary target feasible. Its forecast assumes this will be done through some minor public expenditure cuts and a £2bn increase in income tax.

This would reduce the borrowing requirement to £7bn. The centre says the most likely way for income tax to be raised would be by a failure to index tax allowances in the Budget. The centre said: "In practice an increase in indirect taxes would be preferable."

The pace of growth in real output in the UK appears to have slackened in the second half of 1978 but the centre ex-

pects slow growth at the turn of the year.

It forecasts expansion of 3 per cent in 1979 as a whole (at 1975 prices) compared with 3.5 per cent in 1978. However, growth should be increasing again towards the end of next year.

This will be helped by the co-ordinated recovery in world trade and output towards the end of 1979 forecast by the centre, provided "the deflationary policies of the U.S. are not followed elsewhere."

Real incomes rose by more than 5 per cent in 1978 and consumers' expenditure by about the same amount. The centre says slower growth of earnings in 1979, combined with more rapid growth in prices, will squeeze the growth of real incomes to about 1 per cent, while consumers' expenditure will grow by about 2.5 per cent.

However, the slowdown in consumption will be partly offset by stronger growth in total fixed investment, particularly in the public sector. Stockbuilding is expected to fall.

Consumer prices are expected to rise by slightly less than 10 per cent in 1979 as a whole and the current account balance of payments to be in approximate balance.

The centre says the exchange rate index is likely to be constant at roughly its present level throughout much of 1979, with some weakening later in the year.

## Profit margins fall for small grocers

FINANCIAL TIMES REPORTER

THE INDEPENDENT grocer and his traditional supplier, the wholesaler, have come off worst in the food industry's price-cutting war.

Britain's 73,000 independent food stores have seen their market share slip to 35 per cent while the 7,000 supermarkets have increased their share of the market from 44 per cent in 1971 to 51 per cent last year. The 6,000 co-operative stores made up the remaining share.

Multiple stores have achieved growth in sales and profits at a time when there has been no growth in household food expenditure by aggressive price cutting and marketing that has reduced profit margins to "barely viable" levels according to Inter Company Comparisons, which has produced reports on supermarkets and grocery wholesalers.

Some wholesalers have kept pace with supermarkets by setting up voluntary trading groups such as Spar, VG and Mace to gain from bulk buying. This has been partly successful, ICC says, although achieved at the expense of profit margins which have been cut to extremely low levels. Average profit margins for wholesalers in the three years surveyed by ICC slipped from 1.5 per cent to 1.3 per cent in the final year compared with a recovery for supermarkets from 2.9 per cent to 3.2 per cent.

Both reports took 60 leading

companies and compared and analysed their performance over three years to January, 1978.

Supermarkets averaged a 50 per cent sales increase with growth spread evenly throughout while grocery wholesalers' turnover rose by 40 per cent with slightly faster growth in the second half. Only three wholesalers, Rawlins Brothers, Nurdin and Peacock and Batleys of Yorkshire, managed to increase sales by more than 25 per cent a year.

In 1975, grocery wholesalers had, on average, a far larger return on capital than supermarkets. Now the position has been reversed.

Supermarkets weathered the competitive conditions well in terms of return on capital with a rise from 15.6 per cent in 1974/75 to an average of 20.2 per cent in the final year. Grocery wholesalers, on the other hand, slipped from 23.6 per cent to 20.5 per cent in the same period.

The current year for supermarkets should show a further improvement in financial performance, according to ICC. As for grocery wholesalers, ICC concludes that the trend towards wholesalers either merging or forming voluntary trading groups seems certain to grow.

Business Ratio Report on Grocery Wholesalers. Published by Inter Company Comparisons, 81, City Road, London EC1Y 1BB. Tel. 01-479 1100. Business Ratio Report on Supermarkets. Ed.

## R-R wins TriStar deal

ROLLS-ROYCE will get a £10m share of an order worth £40m (more than \$80m) placed by British West Indian Airways for two U.S. Lockheed TriStar airliners using RB-211-524 engines.

This deal, which converts into a firm order an earlier option on the aircraft, held by the airline, brings total firm TriStar sales to 193 aircraft to date, with another 69 aircraft on

option. So far Lockheed has delivered 160 TriStars.

The airline's new aircraft will be the long-range Series 500 TriStars, for use on its routes between Europe and Trinidad and Tobago.

Lockheed also said yesterday that it had received from the Dutch Government confirmation of its £150m order for 13 Lockheed P-3C Orion maritime patrol aircraft.

## LSMO stake cut in Ninian oilfield

By Sue Cameron

LONDON and Scottish Marine Oil's interest in the North Sea Ninian field is to be cut from an estimated 9 per cent to 7.78 per cent at the beginning of the New Year.

LSMO said yesterday there were now indications that there was more oil in the Northern Block 3 of Ninian than in the Southern Block 38 in which the company has its interest. This was the reason for reducing LSMO's stake in the field.

The agreement on LSMO's reduced share in Ninian, which is subject to obtaining various consents, marks the first redetermination of participants' interests in the field. LSMO said further redeterminations of interests were due in 1980, 1982 and 1984.

The reduced interest in Ninian would have given LSMO a £13m refund for past capital expenditure but the company has agreed to contribute an extra £19m towards platform costs. The platform agreement means LSMO's net cash outflow will be £6m.

LSMO's partners in the Southern block of Ninian are BP and Ranger Oil. These three now have a combined interest

of just under 26 per cent in Ninian. The other companies in the field—Imperial Chemical Industries, British National Oil Corporation, Murphy Oil, Chevron Petroleum and Ocean Exploration—all have their interests in the Northern block and they now have a total share in the field of about 74 per cent. The companies involved in the Northern block have taken on the share that LSMO has given up.

Originally, when assessments of Ninian's reserves were first made in 1974, the shares between the two blocks were nearer to 30 per cent for the South and 70 per cent for the North. The Northern block share has increased because of indications that it has more oil.

Chevron Petroleum is the operator on the whole of the Ninian field.

Oil from Ninian began to flow last Friday. Ninian is the third largest oil field in the British sector of the North Sea and it has estimated recoverable reserves of 1.2bn stock tank barrels. It is expected to reach peak production of 360,000 barrels a day in 1982.

## Toll increases opposed

A PUBLIC inquiry will open in Liverpool on January 23 into Merseyside County Council's application to increase the tolls through the two Mersey tunnels, in line with policy laid down by the Department of Transport.

The toll for private cars, with commuters representing 95 per cent of traffic, would rise from 25p to 30p for a single journey. There would be comparable increases for other forms of vehicle.

The tunnel tolls were increased only 18 months ago and there is expected to be strong opposition. But the Government has said revenue must increase to offset the tunnels' deficit.

The loss last year was £3.4m, and the overall deficit is now £2.2m. The Merseyside authority thinks the tunnels should be toll-free and has set up a consortium with other tunnel and bridge authorities to urge this policy on the government.

## School aid plan for over 16s

LOCAL education authorities in England have been sent details by the Department of Education and Science of proposals for giving financial support to 16- to 18-year-olds who stay on in

full-time education. Depending on sufficient interest by local authorities, the scheme would begin next September. The maximum grant would be £7.50 a week.

## Fleet Street papers 'could become casualties of falling circulations'

FINANCIAL TIMES REPORTER

THE DECLINING circulation of national newspapers could lead to casualties among them, says a new survey.

The survey, by Keynote, a market analysis company, is also pessimistic about the continued survival of two London evening papers. It quotes Audit Bureau of Circulation figures showing that the average loss of circulation of the London evenings has been 30 per cent between 1973 and 1977.

It says: "Despite Fleet Street opinion to the contrary, there must be a question mark against the survival of both London evenings in their present form."

During the five-year period to 1977 the average loss of circulation of all national newspapers was nearly 11 per cent.

After that of the London evenings, the greatest loss was suffered by the popular Sunday newspapers which declined by an average of 15 per cent.

The popular dailies taken together, lost only 2.8 per cent

of their circulation in the period, although there were wide swings within the group.

The Sun gained 28 per cent to reach 3.8m in 1977, while the Daily Express lost about the same percentage in a fall to 2.39m. The quality dailies lost an average of 10 per cent of their circulation, with the largest loss recorded by the Guardian (13 per cent).

Keynote, the market analysis company, says the figures "clearly demonstrate the decline in the market for national and London evening papers."

During the same five year period up to 1977, advertising revenues increased by only a modest 2.6 per cent according to Department of Industry figures quoted in the survey.

However, a sharp improvement in the first half of 1978 was recorded with an increase in advertising revenues of 17 per cent over the corresponding period of 1977 to reach a total of £340.8m.

Keynote describes the relative fall in advertising revenues

in the years following 1973, superimposed upon the 120 per cent increase in the price of newsprint during the five-year period.

The report adds: "A further problem for the nationals has been the attempt to introduce new cost-saving print technologies. Capital for this essential modernisation has been difficult to come by, but in each case such moves have been fiercely opposed by print unions anxious to protect their members' jobs."

### Pioneered

"These technologies were pioneered by the regional press in the early 1960s and include computerised photo-composition, which speeds up both the setting and the composition of pages and web-offset, which enhances the quality of reproduction and colour availability."

The report adds: "The regional press has proved more adaptable... so that currently, 58 out of 79 evening newspapers, 10 out of 19 mornings and 534 out of 1,078 weeklies

use either or both methods."

There has been a substantial decline in the number of retail outlets, from 35,000 in 1974 to about 32,000 newspapers in 1977, says the report. About half of all newspapers are delivered to homes by the retailer.

The report says margins on the cover price are about 28 per cent for retailers and 10 per cent for wholesalers.

Keynote says that the growth of free sheets appears to have continued. In 1970, they attracted an estimated advertising revenue of £2m, which had risen to about £30m by 1977.

The report says the gloomy outlook for Fleet Street, particularly if labour troubles continue, is offset by a comparatively bright prospect for the regional press. In the regionals investment in new plant has been effected with comparative ease, the analysts say. "The underlying trend for national advertisers, especially retail chains, to take increasing display space in the regionals is expected to continue."

## The International Green Week Berlin again supported on three solid pillars in 1979

### Agriculture and horticulture The food industry Specialised supporting programme

Agrarian experts from Europe and all over the world will gather together in Berlin from January 26 to February 4, 1979.

This is when the International Green Week Berlin becomes the rendezvous of the professional world. The three subject areas offer a flood of information besides unrivalled opportunities for an exchange of views.

The most important professional institutions convene regularly in Berlin for the International Green Week. The number of conventions, symposia and seminars has now risen to over 200. Interest is tremendous – and still growing. In 1978, almost 600,000 visitors were counted.



### International Green Week Berlin January 26 – February 4, 1979

The International Green Week Berlin will again be the setting for numerous Special Shows in 1979 – shows that will be the focus of interest of both trade visitors and the general public.

Quality from German Tree Nurseries – Green is Life Special Show presented by the Federal Ministry of Food, Agriculture and Forestry. The wide field covered by tree nurseries will be impressively demonstrated.

### German Cattle Breeds

This Special Show presented by the Berlin Senate Department for Economic Affairs parades the variety of German cattle breeds, showing the aims of the breeders and the latest techniques. 100 head of cattle will be on show!

### Orchids – Horticultural Treasures

Special Show presented by the Berlin Senate Department for Economic Affairs, displaying orchids grown by German horticultural enterprises, on an area of 2,300 sq.m.

### Europe and its Food

The Special Consumer Show of the European Community, the Federal Ministry of Food, Agriculture and Forestry and the Berlin Senate Department for Economic Affairs. Bringing information on the countries comprising the EC, their rich and varied production of food and the numerous ways in which it can be used.

The International Floral Hall with its international competition brings the

bounty of springtime to Berlin in the middle of winter.

To underscore the informative value of the exhibition, two further contributions have been arranged for 1979:

### Special Show of the Agriculture of Lower Saxony

Where a federal Land provides an overview of its extremely efficient agriculture.

### Planning in Rural Areas

Sponsor: Institute for Urban Planning, Berlin. A Special Show designed to illuminate the changing structure and problem areas of the countryside.



AMK Berlin Company for Exhibitions, Fairs and Congresses, Ltd.

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# Group's bid to end typewriter 'bargain' mix-up

BY PAUL TAYLOR

# Building men call for total wage review

BY ALAN PIKE, LABOUR CORRESPONDENT

$$x_1 = \frac{1}{2} \left( \frac{1}{2} + \frac{1}{2} \right) = \frac{1}{2}$$

10-11-1964



## THE MARKETING SCENE

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EDITED BY MICHAEL THOMPSON-NOEL



L to R: Qantas: 'Unbelievably bad,' says Peter Marsh. Dubonnet: 'Stylishly sexy,' says Martin Boase. Clarks Shoes: 'Innovators,' says Ronnie Kirkwood. Benson and Hedges: 'Lacks persuasion,' says Norman Berry.

## A year of jingles and stars and vintage corn

BY MICHAEL THOMPSON-NOEL

A GOOD YEAR for advertising? In terms of the ad spend—currently running at fractionally in excess of £1.8bn—it has been a remarkable run indeed, and the boom shows signs of petering out. But what about the ads themselves? Has the British advertising industry scaled new heights or plumbed unwelcome depths? To find out, I polled a cross-section of the chairmen and chief executives who run some of Britain's best-known agencies. This is what they said:

● **ROBERT GROSS**, chairman of Gers Gross: "The only really notable thing about the year's advertising has been the amount. The unrelenting blandness, characteristic of the 70s so far, has continued. Only the quantity has increased. Some of the year's crop has had style and charm (Dubonnet, Berlei Secret, Amore Solaire, Dunlop, corporate). A lot has been inane (Harp, Colmans, Skol, Anchor butter). The formulae for blandness is almost always the same—if you can't get an idea, get a jingle. If you can't get a jingle, get a star. And if you're really desperate (Woolworth) get both. We've been sung to about everything from beer to building societies."

"Why jingles and stars? Well, both are guaranteed to score well with the research respondents, then, with the client. Original advertising, on the other hand, can't easily be researched. It sets its own new standards and modes of thought. It risks being misunderstood and it sometimes risks offending. In my view, only three recent campaigns have measured

up to those criteria—Benson and Hedges Gold Box, the Conservative Party and Access Credit Card. None of these fields will ever be quite the same again.

"Who's to blame" for blandness? It's fashionable to point the finger at the clients. But clients don't create advertising. It's conceived inside agencies. Maybe you can't make a client run advertising he doesn't like. Equally, he can't make you produce advertising you don't like. In my experience, very few clients actually reject good advertising. The majority are never shown any."

● **PETER MARSH**, chairman of Allen Brady and Marsh, liked the campaign for the Tories ("confidence, precision... superb"), for Grundig and for Parker Pen. But he hated the work for Qantas ("unbelievably bad") and Tia Maria. Nor did he care for the campaigns for Beefeater gin and Vladimir vodka, White Horse whisky

cheered him up, but Colman's Mustard, he thought, opened with a bang that finished in a whimper ("A triumph of the pretensions over the practical"). He says three car campaigns stuck in his mind: Fiat ("Consistently brilliant, giving dash and excitement to what was hitherto perceived as a rather sluggish range of cars"), Volvo ("Very finely tuned to the target audience"), and Audi ("Shows the loving care which can be lavished on a very important account by a small agency"). He hated Chrysler.

● **TIM DENEHY**, chairman of Cintra, the horrors. NatWest have managed an obnoxious television commercial showing a young man being told how simple it is to open a bank account, while Cinzano hits a double-first of bad ads on posters and TV. Very indifferent branding for a drink which as No. 2 has to try harder.

"Without doubt the award of

the year for the worst posters goes to another drink, St. Raphael. Terrible!

"Now for the goodies—first the fantastic work by CDP for Parker pens. Whether posters, Press or TV, everything is a winner, and congratulations to Dorland for the continuing excellence of their Dubonnet commercials. Marvellous photography and terrific drink appeal."

● **NORMAN BERRY**, vice-chairman of Davidson Pearce Berry and Spottiswoode, thinks the most important, most radical, happening in UK advertising this year was the Tories' appointment of Saatchi and Saatchi. "The effect, besides other things, may have been to provoke Mr. Hattersley into an advertising-bashing/publicity-seeking tantrum, but the fact remains: it was an important event. Saatchi and the Central Office should be congratulated."

On the other hand he finds the new Godfrey Davis Press campaign insignificant and ill-conceived. "It startled me that an agency which can produce the Tury campaign and the outstanding Dunlop corporate can also put its name to, and persuade a client to run, anything so unworthy as this."

The run of retail advertising does nothing for him, though he very much likes the revamped White Horse whisky. "Finally it must be two years since Benson and Hedges started their poster series for B and H Gold Box. I said then that I thought it brilliantly noticeable but that it lacked the implicit promise and persuasion of the original campaign. Now I'm sure of it."

● **GRAEME ROWE**, chairman of Roe Downton: "I think the year has been a fairly typical one with some extremely good advertising as well as a lot of bad. In particular, retail advertising continues, on the whole, to be extremely poor. The hard-hitting advertising required is no excuse for poor layouts, bad typography or shoddy production generally."

"One of my particular criticisms of the year is the amazing over-exposure of various personalities, and also the bad use made of them. I cannot help feeling that Kenny Everett is now getting in the way of the products he advertises."

"Perhaps my pet hate of the year on TV was the Ingersoll Barry Sheene commercial. It was inept, badly produced, irrelevant and featured a 'personality' who appeared to be dragged into a jeweller's

shop (on his motorcycle) for no good reason. I could see no hint of a strategy."

"One of the best simple commercials of the year is the current Duracell Battery, while Cadbury's Fruit and Nut continues to be a great success. ● **JACK RUBINS**, chief executive of Dorland Advertising: "1978 has not given us any great new advertising. This is particularly true of television: perhaps we are so expert at filling 30 seconds with good professional work that it seems less important to find big campaign ideas. That said, I have seen a number of good commercials that sell the goods and enhance the reputation of the product."

Among the best was Berlei Secret. Of the old guard, I think Hamlet cigars has the secret of keeping its ideas fresh, and Schweppes finally seem to be getting back to their old dry wit.

"Print? Am I the only one who still thinks that Benson and Hedges' post-Magritte pretentiousness is self-indulgence that will lead to grander follies in future years?"

● **RONNIE KIRKWOOD**, chairman of The Kirkwood Company, nominates CDP's Benson and Hedges work the magazine and poster campaign of the year. "Like most original ideas, it will undoubtedly be copied, regrettably by people who do not understand it. The poorness of the copies will only enhance the quality of the original."

Clarks Shoes he liked, plus Parker Pen, Fiat, Barclays Bank and Wella. His views on the worst campaigns of 1978: Qantas, Player's No. 6 and Colmans Mustard ("Has every sign

of having been produced by a client who has lost confidence in his product, and by an agency that is losing its nerve and is determined to be 'creative' at any cost").

Nor did he admire St. Bruno pipe tobacco ("Does more to support the case of the anti-advertising lobby, be they feminists, economists or just politicians, than any other ad on television") and Woolworth ("Tedious... serves as the outstanding example of a conspicuous waste of an advertiser's money").

● **COLIN GOODSON**, chairman of Wasey Campbell-Ewald: "In my view everyone who had anything to do with the Colmans Mustard campaign should be hanged, and not at the R.A. British advertising is beset with the amateur and the pursuit of visibility. In its own right instead of relevant communications. In some fields, of course, increased regulations have made it difficult to say very much about the product. Nonetheless, some very interesting advertising has been produced—Benson and Hedges in the UK, and Gauloise in France, notably."

"Someone with something to say seems to be Williams, the furniture people, but they ought to get some left-over actors from Woolworth. I hate to admit it, but the Health Education Council commercial where the young sportsman meets himself 20 years on, really sells me."

● **MARTIN BOASE**, chairman of Boase Massini Pollitt Univas, enthuses about two ads, rages about two more. Benson and Hedges cinema commercial, Swimming Pool: "An even greater tour de force than the

posters. The heat, tension and atmosphere generated in 90 seconds make most feature films seem ordinary." Dubonnet, TV: "Two devastating films—they are above all stylishly sexy and reek of France." Vladimir vodka, Press: "We have enough mindless critics of advertising in government and elsewhere without this sort of mindless waste of advertising space." Hepworths, TV: "Wallpaper musical chorus about a little bit of style" while young men show you the labels inside their jackets. The cliché is so crass it makes me want to deny I work in the advertising business."

● **TERRY GRIMWARD**, managing director of Euro Advertising: "There has not been a great deal of impressive creative work, but we have seen the emergence of a different sort of campaign, different because it is primarily concerned with its own visibility. Some examples: what has already become a classic, the Benson and Hedges poster campaign. Colman's Mustard. A campaign which attracted some obloquy, but which has turned round a brand which was losing business to continental mustards. It has lots of attack."

"Fiat's posters, Wolf and Cage, making what was for me a rather characterless marque into a distinctive car with a recognisable personality."

● **SIMON BARROW**, chief executive of Ayer Barker Hege-mann, defends Cinzano's Mama Mia poster, admires Campari's Cipriani Hotel sequence and takes to Britvic's soft drinks range. He also likes Woolworth's Christmas commercials.

## Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

### ● MATERIALS

## Helps produce a stable mix

NON-IONIC, polymeric emulsifiers from ICI are intended to solve the more difficult and specialised problems of emulsions used in industries such as paper and printing, and waxes and polishes.

They are suitable for many two-phase systems and provide exceptional emulsion stability and high efficiency with excellent oil solubility. These properties distinguish the polymers from conventional emulsifiers.

Impetus for the development of the new emulsion stabilisers stemmed from work on non-aqueous polymer dispersions. Preparation of these NAD polymers called for a fundamental investigation of the basic requirements of the stabilising molecules.

Much of the early work in this area of colloid science was published in 1975 in the book "Dispersion Polymerisation in Organic Media" written by members of the Research and

Development of ICI Paints Division.

Several families of complex non-ionic polymers have been developed for applications within ICI. Collaborative work with other companies has confirmed their outstanding performance and encourages their general release. Seven examples, representing three polymeric types, are available for evaluation.

The seven products cover a whole series of oil/water and water/oil systems as well as dispersions of solids in aqueous and non-aqueous liquids. They will stabilise emulsions of low solubility paraffinic oils and waxes, aromatic hydrocarbons, ester oils and chlorinated aromatics. These emulsions can withstand high temperatures and high ionic strengths.

For major applications, the molecules can be specifically tailored to meet the customers' requirements.

ICI, Millbank, London SW1P 4QG. (01-834 4444.)

## Photoresist for boards

AVAILABLE FROM Agfa-Gevaert is a photosensitive liquid resist designed for the production of printed circuit boards.

The board is first evenly coated with the fluid, either by centrifugal action after pouring it on to the centre, or by dip coating.

After drying the board is exposed to ultraviolet light in contact with a film positive of the circuit. Develops bare-copper in the

areas that were exposed, and the board is then etched to remove all the copper not protected by the photoresist.

The resist, called Copyrex RP 50, is resistant to any conventional etching solutions. After etching, the remaining resist is easily removed either by organic solvent, strong caustic solution, or by exposure to ultraviolet and re-development.

More from 27 Great West Road, Brentford, Middlesex (01-860 2131).

## Less wear on the shaft

ASBESTOS is frequently used as a gland packing material in the rotary seals of food processing machinery, and in view of the unease currently felt about the substance Thomas A. Ashton of Sheffield is offering an alternative called Lattyfon 4788.

Based on a Dupont synthetic material, it also contains a PTFE dispersant and an inert lubricant. Made in France by Latty International the new substance is non-toxic, non-contaminating, non-absorbent and

is dimensionally stable. It is stated to have a tensile strength higher than that of steel and is able to operate over a temperature range of -200 to +300 deg. C in pressures up to 200 bar.

Designed to reduce shaft and sleeve wear, Lattyfon 4788 can be used in mixers, agitators, and pumps handling resins, monomers, slurries and abrasives.

More from P.O. Box 133, Sidney Street, Sheffield S1 3QB. (0742 21401).

### ● COMPONENTS

## Pushing out the boat

ONE OF the least attractive aspects of sailing is attempting to launch or bring ashore a boat with the use of a conventional ball trolley. Even under the most ideal weather conditions it is a tiresome task and, should there be a strong wind, or mud or soft sand underfoot, there is always the likelihood of accidents to people or equipment.

Promising a smooth passage, into or from the water, is the Trolley-Ball whose inflatable plastic ball/wheels are a derivative of the ball on the Ball-barrow which has been supplied for some years to the garden and construction markets, says Kirk-Dyson, Leased Estate, Corsham, Wiltshire, SN13 9UD (0225 810077).

The effect of the balls—several times wider than the

usual wheels on a trolley—is a wider ground spread which prevents sinking into a soft or squelchy surface. They are pneumatic and fitted with a low pressure automotive racing valve which can be inflated by an ordinary car foot pump or airline. The maker claims that in the case of a puncture, it can be mended with a cigarette lighter only and reinflated in a matter of minutes.

Terylene webbing supports, which are rot-free, follow the contours of any shaped hull, thus minimising point load and avoiding hull damage. Front and construction marks the bows clear of the ground even when the boat is at rest.

A familiar problem, particularly in windy conditions, is trying to align a boat with a

submerged trolley. As this trailer slides under a dinghy's hull, it gives complete buoyancy, due to the combination of the ball/wheel and webbing design, and manoeuvrability is much simpler.

The wide low-slung steel tubular frame is designed to avoid contact with the hull and also provide a support at point of rest. It is supplied in five pieces which fit together with the use of a zinc-plated snap-button indent connector.

Weighing only 28 lb, the entire trolley can be packed into an export box 4 feet 6 inches x 14 inches by 14 inches, or easily fitted inside a car.

Three sizes are available to accommodate craft from 12 feet to 18 feet overall.

## Precision power chuck

RICHARD R. LEADER has secured exclusive representation in the UK for Micro-Centric ultra-precision power chucks. Repeating accuracies range from 2.5 down to 1.25 microns. Manufactured by Metrology Systems Corporation in the U.S., these accurate, power chucks are available from 2" to 10" in both 2-jaw and 3-jaw models. Larger models are available on request.

An important characteristic of all closed centre models is the fact that coolant travels through the centre of the chuck. Through-hole chucks with an unobstructed hole up to 21" diameter can be supplied. Jaw travel ranges from 0.001" to 0.38" as standard, but up to 1" is available for specific requirements. Completely sealed chucks,

essential for highly corrosive environments, optical grinding, EDM and ceramic work can be obtained as standard equipment from the range. Models with air ports on the sides of the chuck body can also be supplied for static applications.

The company operates from Fordwater Trading Estate, Chertsey, Surrey. Chertsey 62766.

## Remote hydraulic control

USING A flexible push-pull cable, Teleflex Morse has designed a system for the remote operation of hydraulic valves used for control purposes on building contractors' and agricultural vehicles and implements.

The need arises, says the company, from the increasing use of suspended and quieter

cabs coupled with the growing requirement to improve driver safety by removing high-pressure hydraulics from the vicinity of the machine operator.

Each lever control unit is designed as a simple modular block which can be banked to control any number of valves. If desired, dual axis operations on a single lever can be provided, movement of the lever

in planes at right angles to each other controlling two valves separately.

Control cables can be supplied with either standard rod ends or suitably adapted for direct cabling to most of the popular hydraulic valve blocks available internationally.

More from Christopher Martin Road, Basildon, Essex SS14 3ES (0268 22881).

### ● PLASTICS

## Moulding machine inspection

AN ANTICIPATED code of practice for inspection of plastic injection moulding machines may cause problems for small and medium-sized companies. While it will be a voluntary code to begin with, it will have statutory implications and is an extension of existing inspection procedures.

Briefly, it will require that either there is in each firm a suitably trained and competent person experienced in the routine inspection of such machines; or that the firm has

recourse to a qualified person—i.e. an engineer surveyor—able to carry out inspections.

It is felt that although the code is being applied in the plastics industry initially, it might be adapted for use in other industries in the future.

Plastics injection moulders with relatively new equipment might be able to seek the assistance of machinery manufacturers, but this aid could be as readily available to those companies with older equipment,

particularly if it had been purchased secondhand.

A solution for many firms is provided in a special scheme which will be made available by Pointon York, insurance and financial specialists, and a member of the British Safety Council, which will arrange for inspections to be carried out as part of an insurance contract, the client paying an appropriate inspection fee.

Pointon York, The Crescent, King Street, Leicester LE1 6RX. 0533 547545.

### ● TEXTILES

## Speeds loom operation

SOME TIME ago, a new British design of bobbin holder was introduced to the textile trade. The system is a combination of mechanical and pneumatic units and enables an almost infinite variety of sizes of bobbins of yarn to be firmly held without danger of vibrating loose, and even though a cardboard centre might perhaps be damaged the package will be held firmly and accurately. This means that rewinding can be avoided.

Now, the bobbin holders are being extended in their applications from merely holding solitary packages. The company that builds them is developing a range of specially designed weaving and warping creels based on the concept.

Shuttleless looms weave from continuous weft supply, normally provided in the form of very large packages. The creels on which these packages are mounted vary considerably, but most have shields made from acrylic sheeting which inevit-

ably is damaged in the mill. Now, new weaving creels from Scantec (Woodhouse Road, Todmorden, Lancs. OL14 5RN. Tel. 070-681 2055) offer an alternative that is designed for this task.

New Scantec creels are constructed from transparent polycarbonate sheet from Germany. They are virtually indestructible. It is this resin that is being used by troops and other authorities' as transparent shields when involved in disturbances.

The holders of the new creels are fitted for magazine creeling, which means the tail of a diminishing package could be joined to the top of a new one. When the first package is exhausted so the new one comes into play without having to stop the loom. On eight-colour looms this represents a useful economy.

The Lancashire-based company is now also making a warping creel.

Here again the Scantec

**Hydrothane**  
Simply the best industrial and construction site compressors

Redditch Tel: Redditch 25522

holder is used and only a modest air supply is required to operate it and should this not already be available in the mill, then a small compressor can be supplied with the creel. In this piece of equipment a very large number of packages—usually more than 1,000—can be accommodated and warping can be carried out at very high speeds and with completely uniform tension of each end of yarn.

All the advantages offered by the original Scantec holder are, incorporated in the new type of creel.

### NOTICE OF REDEMPTION

To the Holders of

## ENTE NAZIONALE IDROCARBURI

E. N. I.

(National Hydrocarbons Authority)

6% Sinking Fund Debentures due February 1, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Messrs Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on February 1, 1979 at the principal amount thereof \$1,000,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

13 23 24 32 34 45 52 63 61 83 84 85 91 92 96

On February 1, 1979, there will become due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment thereof of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemeene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourg in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unattached coupons appurtenant thereto. Coupons due February 1, 1979 should be detached and collected in the usual manner. From and after February 1, 1979 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI

By: MORGAN GUARANTY TRUST COMPANY

OF NEW YORK, Fiscal Agent

December 28, 1978

### NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

### DEBENTURES OF U.S. \$1,000 EACH

M-1911	1953	2005	2056	2182	10270	10282	14925	14938	15187	15448	16019	16446	16518	16610
1217	1228	2030	2067	2187	10284	14939	14941	14943	15449	16021	16448	16520	16612	16613
1923	1963	2031	2085	2191	10275	11158	14927	14942	15450	15498	16399	16472	16537	16616
1925	1967	2035	2092	2200	10274	14907	14909	14946	15453	16010	16397	16473	16538	16629
1926	1968	2038	2104	2178	10273	14908	14910	14947	15454	16012	16400	16505	16570	16630
2034	1994	2041	2158	2179	10280	14910	14936	14953	15456	16014	16402	16511	16574	16632
1944	1986	2058	2170	10267	10281	14911	14937	15184	15440	16018	16437	16517	16604	16750



Lombard

# The American home-owner

BY DAVID LASCELLES IN NEW YORK

AT A TIME when British home-owners wish their mortgage costs were less liable to "adjustment," it is ironic to note that some of their U.S. counterparts wish the exact opposite. America is a fixed mortgage country—the cost of a loan is fixed at the rate prevailing when it is negotiated, and it never changes, whatever happens to interest rates in the meantime. Quite why this should be is lost in the mists of time. But inevitably, today's sharply fluctuating interest rates have made both lenders and borrowers unhappy. Banks do not like lending when rates are down: home buyers are less willing to borrow when they are up. The result can be a badly distorted mortgage market, and people have begun to cast round for new ideas, like the British-style variable rate mortgage.

## Regulated

The FRM, as it is called, is not unknown in the U.S., but it is still confined to California where the local mortgage watchdog, the Federal Home Loans Board, formulated a set of rules for FRM's back in 1975. Unlike the loosely-organised British system, California FRM's are indexed, and tightly regulated in favour of the borrower.

Every six months, the Home Loans Board produces a mortgage rate index based on its calculation of the banks' cost of funds. If this goes up more than 0.1 per cent, the banks may, but are not obliged, to raise their mortgage rates accordingly. The maximum rate increase is 0.5 per cent a year, and no borrower can be asked to pay more than 2.5 per cent more than the rate at which he took the mortgage out. Thus, if he was lucky enough to borrow at 6.5 per cent, he will never have to pay more than 9 per cent, and then only in the unlikely event that interest rates go up five years in a row.

The borrower also has the right to pre-pay his mortgage without penalty, or, in Britain, extend the mortgage's life. If the index goes down, on the other hand, the banks must cut their rates accordingly, and there is no floor.

The first—and so far only—time this mechanism was trig-

gered on a widespread basis was last August when the index rose just over 0.1 per cent, and the 20 California banks offering FRM's upped their rates with apparently little or no protest. But the banks had been careful to clear the way. At every previous revision of the index, they reminded their borrowers by mail that though there was no change this time round, it was bound to come one day.

California's experiment is still too young to show whether U.S.-style FRM's work. But it is being closely watched from the east coast. Most people here accept the underlying logic of the need for flexibility at a time of sharp peaks and troughs in the cost of money. And would-be owners have been supported by consumer groups in their campaign for FRM's. But on the whole, both lenders and borrowers have mixed feelings.

The banks' main fear is that even though rates would be indexed by an independent agency, the introduction of FRM's would be an invitation to political interference. The cost of housing is such a sensitive issue, they argue, that no government would leave it alone, given half the chance. The British experience, with the clubbiness of the building societies and its record of blatant government interference, is frequently cited in this regard.

## Orderly

The homeowners' objections are even more curious, though they are probably motivated rather than rational. The American family, the reasoning goes, likes its finances to be planned and orderly, and varying mortgage costs would cause havoc. American individuals are also haunted by the fear of being "ripped off" by the banks, so the last thing they want is mortgages with terms the banks can change unilaterally. Much of this conservatism has to do with the fact that the majority of homeowners got their fixed rate mortgages long ago, when rates were well below today's levels, so the real impetus for change may not come until today's new borrowers are left high and dry once rates go down again.

# Cautionary tales on product liability Along came a spider...

BY PROFESSOR D. OWLES

CONTRARY TO the horrific product liability tales now current, not every drinker in America who cuts his hand when his wine glass disintegrates is awarded a solid gold plaster by the courts.

When one such unfortunate sued a restaurant, he claimed that under the Uniform Commercial Code there was an implied warranty of fitness for the ordinary purpose for which the glass was intended and that this warranty had clearly been broken. Not so, said the court, the fitness of purpose applied to the wine and nobody had said that the wine was not fit to drink. The plaintiff came back with a reference to the warranty of fitness of the package in which the product was sold. The glass was unfit for its purpose and had caused damage. Again, the court said no. The warranty under the Code applied to a sale of goods. The glass remained the property of the restaurant, only the wine was sold. So the unhappy plaintiff had to go away empty-handed.

The risk of drinking in a restaurant was further illustrated by the unhappy experience of the customer who

ordered a vodka martini. In the martini there was an olive. He took the olive out of the drink with his fingers and saw a hole cut in the end of it. Then he put it in his mouth and bit on it. In the olive there was a stone and by biting down on this stone the customer broke a tooth. He summoned the manager, displayed the olive

## BUSINESS AND THE U.S. COURTS

stone and the broken tooth, and receiving no satisfaction, sued the restaurant under the fitness provisions of the Uniform Commercial Code. The question was whether the martini was fit for the ordinary purpose for which it was intended and the answer to this question, according to the court, was whether the customer would expect to find a stone in an olive. The success of his claim depended on whether the hole cut in the end of the olive justified the assumption that the stone had been taken out. A Court of Appeal

sent the case back for a jury decision on this point.

Another case of getting more than one bargained for concerns not an olive stone but a spider. The unfortunate customer was bitten by a spider when she tried on a pair of trousers in a shop. She sued the shop owner, claiming that an article of clothing which concealed a venomous creature was certainly unfit for use, and that there was, therefore, a failure to meet the implied warranty of merchantability. The court disagreed. The trousers, it said, were fit for the ordinary purpose for which trousers are used. There was nothing wrong from a manufacturing standpoint. There was no evidence that the manufacturer or the retailer had any control of the spider, which was not part of the product, and had not caused it to be in the trousers.

Another unsuccessful plaintiff was the woman who, going to a public house, found property in a coin-operated locker for safe custody. When she returned she found the locker in apparent good order but her property had gone and

she claimed compensation from the locker company. The court said that there had been no entrustment of her possessions to the locker company, and she had only rented storage space. The plaintiff also argued that there should be a warranty of fitness, as in a sale, but here again, the court would not agree. It said it was too much to attribute to owners of such lockers a guarantee that they will be secure against the all too familiar devices of unlawful entry. Older people of modest means, alone under circumstances of limited security, often desperately sought some means of

safeguarding their personal property. Quite clearly, the court concluded, the answer to that problem did not rest in placing liabilities in the defendant's lockers.

But in another case concerning lockers, the plaintiff was successful. Ten reconstructed lockers containing 90 separate compartments, each with lock and key, were sold to a uniform supplier. Within 24 hours of delivery, 15 uniforms were stolen. There was no evidence of a forcible break-in, and it was shown that 18 of the locks and keys were identical, and that the missing uniforms had

all been stored in compartments fitted with these locks. The question was whether there was an implied warranty that each locker compartment would have a separate lock, not common to the others. The court said there was such a warranty. The locker was inherently a security device, and security was impaired by duplicated keys. With 18 identical keys it did not satisfy the warranty of fitness for a particular purpose provided by the Uniform Commercial Code.

\* Professor Derrick Owles, is Professor in the Department of Administrative Studies, Glassboro State College, New Jersey.

# Shannon Bridge and Swordsman can maintain Winter's success

A YEAR ago The Dealer won Kempton's Feltham Novice Chase, and it could well be that the same rider will soon be making names for himself.

The winner, Jack Madness, owed his success almost entirely to superb jumping and there can have been no one happier with the outcome than owner-rider, Mr. George Sloan.

## RACING

BY DOMINIC WIGAN

Not only did the Tennessee-based amateur rider champion of our 1977-78 campaign enjoy a particularly exhilarating ride but his faith in Jack Madness has now been fully vindicated. It was back in June that Mr. Sloan, who flew from Nashville for yesterday's ride, went to 12,000 guineas to retain his David Jack gelding at the Ascot sales.

But for a succession of minor errors brought about through pressure on Jack Madness, Kass would undoubtedly have justified favouritism.

However, jumping is the name of the game, and in any event the Peter Ashworth six-year-old seemed far from certain of overhauling the Findon gelding when catapulting his rider at the last as he clipped the top of the fence.

Nevertheless, Kass, a high-class hurdler, has the scope to make his mark over the bigger obstacles once errors in his jumping have been ironed out, and his formidable speed could then make him a force to be reckoned with in any company. Of the remainder, Edward Courage's mare, Quickpeny, will be the one I shall be watching with most interest.

Mares rarely take to the winter game but those who do, to the norm more often than not make their presence felt in no uncertain way. Quickpeny, a fast-finishing third behind Jack Madness and

Bold Saint, could, conceivably, go on to prove herself a National horse. For although she is not bred to possess bottomless stamina—being by Expresso out of the Flush Royal mare, Neapolitan Lou—it is in that department that her strength seems to lie.

Fred Winter and stable jockey, John Francone, combined to lift three races on the Sunbury course—their hat-trick being completed in devastating style by Killwarren—and both Swordsman and Shannon Bridge may prove capable of maintaining their run this afternoon at Fontwell. The last-named is suggested with confidence following his encouraging win over My Buck at Nottingham.

**FONTWELL**  
12.45—Swordsman\*\*  
1.15—Jackandandy  
1.45—Upton Bishop\*  
2.15—Flying Orchid  
2.45—Shannon Bridge\*\*\*  
3.15—Scottish Glory

**ATV**  
9.30 am Captain Nemo, 9.35 Stars on Ice, 10.05 Wilkie on Water, 10.30 Take a Bow, 10.55 Jersey Battle of Flowers 1978, 11.15 Lord Trump, 11.40 Oscar, 11.55 Sweet Sugar Doughnut, 1.25 pm The Jersey Battle of Flowers, 1.50 pm The Jersey Battle of Flowers, 2.20 pm The Jersey Battle of Flowers, 2.50 pm The Jersey Battle of Flowers, 3.20 pm The Jersey Battle of Flowers, 3.50 pm The Jersey Battle of Flowers, 4.20 pm The Jersey Battle of Flowers, 4.50 pm The Jersey Battle of Flowers, 5.20 pm The Jersey Battle of Flowers, 5.50 pm The Jersey Battle of Flowers, 6.20 pm The Jersey Battle of Flowers, 6.50 pm The Jersey Battle of Flowers, 7.20 pm The Jersey Battle of Flowers, 7.50 pm The Jersey Battle of Flowers, 8.20 pm The Jersey Battle of Flowers, 8.50 pm The Jersey Battle of Flowers, 9.20 pm The Jersey Battle of Flowers, 9.50 pm The Jersey Battle of Flowers, 10.20 pm The Jersey Battle of Flowers, 10.50 pm The Jersey Battle of Flowers, 11.20 pm The Jersey Battle of Flowers, 11.50 pm The Jersey 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## THE ARTS

## THEATRE IN 1978

## The fringe edges into the limelight

by MICHAEL COVENEY

I wonder how our theatrical year might have been transformed if the Pip Simmons Theatre Group had presented their stunning adaptation of Zamyatin's *We* at the Round House? For the Simmons group, which celebrated its tenth anniversary in 1978, remains one of the most explosively exciting and potentially popular fringe groups in Britain. They did appear in London last year—in the smaller of the Riverside Studios with a disappointing *Tempest*. But to see *We* I had to travel to the new Birmingham Arts Lab, very well equipped and cosy in its way, but not the sort of base out of which Pip Simmons is likely to break through to his long-overdue national recognition.

Not everything on the fringe is of broad appeal, which is, of course, often the point of its being there. It is in the hot-house climate of our small studios and pub attics that the new talent is given its head. It is surely significant that both the RSC and the National now put almost as much store by their studio work as by the mainstage product. At the Warehouse, for instance, there have been, in my view, four major new plays this year: a revival of David Rudkin's *Sons of Light*; the first of two 1978 plays by David Edgar (the other, at the Birmingham Rep and arriving at the Royal Court in January, was *Mary Barnes*); in which this rapidly developing playwright is testing his skill and ability against strong source material after the achievement of *Destiny*; Peter Flannery's debut with *Savage Amusement*; and Stephen Pollakoff's *Shout Across the River*, in which the writer for the first time matched the ambition of his bleak urban vision of decay with the emotional complexity of his characters.

This latter piece was



Jill Baker, David Threlfall and Lesley Manville in "Savage Amusement"

directed by Bill Alexander, the brightest young director to emerge in some while. He also directed Nigel Williams's scathing *Class Enemy* in the Theatre Upstairs and at the RSC's Stratford studio. Peter Whelan's *Captain Swing*, a tremendous historical play that vindicated, as it emerged from the RSC's play reading policy at the Warehouse.

In addition to *Captain Swing*, the Other Place has had an achievement year with a justifiable revival of Howard Brenton's *The Churchill Play* (if only that could have been on at the Aldwych instead of *Women Pirates*!). Pam Gems's *Piaf* (a real surprise packet this, with my favourite female performance of the year from Jane Lapotaire) and a powerful version of Euripides' *Hippolytus*

by Rudkin. Now: how can the RSC get all this writing and directing talent on to their big stages? Not one of Howard Davies, Ron Daniels and Bill Alexander has directed Shakespeare. It is about time they did, and not in a studio.

If the Other Place and the Warehouse are now essential elements of the RSC, the extraordinary Riverside Studios in Hammersmith, under the direction of Peter Gill, is now essential to London's cultural life. Not only in respect of Mr. Gill's own brilliant productions last year of *The Cherry Orchard* and *The Changeling*, but also because of their record as importers from abroad and around the fringe. Thanks to Riverside, we have seen Yvonne Bryce-land's unforgettable performance in Fugard's South African production of his own *Helo and Goodbye*; Tereyama's imaginative, beautifully lit *Directions to Sorrento* which belatedly acquainted British theatregoers with something all Europe has known about for years; and Jean Miro's puppet extravaganza, *Mori et Merina*. Other homegrown products have been Alec McCowen's *St. Mark's Gospel* (which transferred to the West End) and Nicholas Wright's elegiac and informative lament for free political life in South Africa, *Freezones*. And as if that were not enough, my favourite production of the year, *The Ragged Trousered Philanthropists*, broke its tour to play to sold-out houses in Hammer-

smith. *Ragged*, directed by William Gaskill for Joint Stock, was unbeatable in every department: in Stephen Lowe's adaptation, in the design, in the lighting by Andy Phillips, in the acting. Gaskill has, for some years, been one of the few top-class established directors to bridge the gap between the

main house subsidised theatres and the fringe. If any doubts remain as to the value of groups like Joint Stock (actually, there is no other group like Joint Stock) or, indeed, as to how their work is fueling the mainstream, be appraised of the fact that Gaskill is taking the *Ragged* company complete and installing it in the National's Olivier as one of the NT's resident companies. Gaskill, who has rejoined the National on a permanent basis, will bring fringe accomplishment to bear on the luxurious technology on the South Bank (or as much of it as is working) with his production of Middleton and Rowley's unknown Jacobean piece, *A Fair Quarrel*. It could be the most significant production of 1978.

Although the Open Space sprang to life the other day with Mike Ockrent's glossy efficient reclamation of Brecht's farce *A Respectable Wedding*, it has again been an uneven year for Charles Marowitz who is about to launch one more last-ditch attempt to form an ensemble. If he fails, I fear we may lose him to a climate in America or Europe more financially sympathetic towards laboratory-style experimentation. This would be tragic, and a lot may hinge on Peter Barnes's upcoming version of Jonson's *Silent Woman*.

Down in the East End, the Half Moon has ended the year with a flourish: Simon Callow's performance in the title role of Brecht's *Arturo Ui* gloriously demonstrated that we need not think only of Leonard Rossiter when we see this fascinating play. Robert Walker's production was as gritty and sensual as you could wish for, the atmospheric little theatre using the full, exciting height in a design of grills, girders and steel ladders, even being trans-

formed into a St. Valentine's Massacre-like garage for the murder of Rohm. Perhaps even more ingenious was the physical presentation a few weeks later of Toller's famous Expressionist play, *The Machine Wreckers*, in which the crucial industrial apparatus invaded the entire theatre in the form of tangled tubing, long gutters, wire netting and several fiery furnaces through which the adept, slithery company made exits and entrances.

The Round House has continuously given the appearance of a theatre desperately in search of a show. Only David Rabe's *Screamers*—and that was imported from the Liverpool Playhouse—is remotely memorable. Peter Barnes's direction of *Bartholomew Fair* was sadly incompetent and so much has been coming and going in the Round House Downstairs I can hardly recall being out of the place all year. Nothing much to report, though. The New End in Hampstead has had a couple of intriguing snips, notably Gloria Graham playing a Hollywood star on the skids and Susannah York in George Moore's haunting *The Singular Life of Albert Nobbe*.

Under new direction, the ICA Theatre has had a very good year—apart from Richard O'Brien's *Disaster*, a poor attempt to repeat his *Rocky Horror Show* success. There was *Het* Theatre from Holland, *Foco Novo* on tour, Colin Bennett's *All Along the Watchtower*, another London showing for Heathcote Williams's one-

## Pictures by Leonard Burt

act gem, *The Immortalist*, and a memorable visit from Ken Campbell's Science Fiction Theatre of Liverpool with *The Case of Charles Dexter Ward*, an operatic version of H. P. Lovecraft that owed something to both *Stoichhausen* and *Menotti*, but even more to the technical ingenuity and inspirational direction of Mr. Campbell.

Pip Simmons is not the only old-guard fringe survivor. It was sheer pleasure to catch the People Show, No. 77 at Oval House. Mark Long's troupe have been operating for over 12 years now and, although famed and feted abroad, never get the coverage they merit in England. Well, No. 77 was a marvellous evening of cabaret, eccentricity, acrobatics and red hot jazz, all done in the seedy ambience of a church-cum-café and centring around the *Mystery Plays* given on the evocative site of the old cathedral. The Royal Exchange, Manchester, dipped a little, but salvaged something from a run of duds (Ronald Harwood's *A Family*, David Storey's *Sisters* and an inadequate production of *The Dybbuk*) with Vanessa Redgrave triumphant as *The Lady From The Sea*. Salisbury Playhouse enlivened my August Bank Holiday with *Under The*



Simon Callow, Howard Lew Lewis, Lizza Aitken and David Fielder in "Arturo Ui"

sons' *The Glad Hand* and Bill Morrison's *Flying Blind*, both at the Royal Court; Thomas Babe's *Prayer For My Daughter* in the Theatre Upstairs (and Antony Sher is another brilliant young actor to watch out for); David Mamet's *American Buffalo* in the Cottesloe; and a couple at the Edinburgh Traverse, John Byrne's *Slab Boys* and John Bett's *Street Fighting Man*.

Before moving out to the regions, I must mention two of my happiest evenings in the half-way house range between fringe and West End: Dora Bryan in Enlyn William's *The Late Christopher Bean*, revived with timely acumen at the always interesting Watford Palace; and John David's glistering, essential revival of Philip King's *See How They Run* at Greenwich, which was the funniest show I saw all year.

No need to reiterate this page's respect and admiration for the Glasgow Citizens, who kept up the good work. Regional theatre-going was more hazardous after Richard Eyre's departure from the Nottingham Playhouse and, although his successor, Geoffrey Reeves, presented Barry Collins's worthy piece *The Strongest Man in the World*, it was by no stretch of the imagination the strongest theatre in the Midlands.

The Coventry Belgrade had a better than average year, coming up trumps with the *Coventry Mystery Plays* given on the evocative site of the old cathedral. The Royal Exchange, Manchester, dipped a little, but salvaged something from a run of duds (Ronald Harwood's *A Family*, David Storey's *Sisters* and an inadequate production of *The Dybbuk*) with Vanessa Redgrave triumphant as *The Lady From The Sea*. Salisbury Playhouse enlivened my August Bank Holiday with *Under The*

Greenwood Tree, now at the Vaudeville. The Queens at Hornchurch did a splendid stage version of *The Who's Tommy* and the Birmingham Rep gave us not only Edgar's *Mary Barnes* (in the studio, naturally), but also Wesker's *The Merchant*, which, in a really good production and with a virtuoso performance, could still have a life in London.

Ken Dodd, re-opened the sumptuously restored Theatre Royal in Nottingham and the Arts Council joined forces with Moss Empire, the Leicester Haymarket and Cameron Mackintosh on a fabulous touring revival of *My Fair Lady*. Sandy Wilson's *Clapham Wonder* at the Marlowe, Canterbury, was, I thought, cruelly underrated. Everyone preferred *Chicago* at the Sheffield Crucible where, in the studio, David Leland signed off before joining the Royal Court with another challenging season of new plays.

his own and Howard Barker's among them.

Bristol Old Vic maintained its reputation and standards and, in the studio, another bright young director, Adrian Noble, served up a delightfully Marlovian *Titus Andronicus*. Simon Callow in the lead, The Oldham Coliseum reopened with the stage premiere of *Kcs* and both Liverpool houses, the Everyman and the Playhouse, offered consistently interesting programmes (the Playhouse's Artistic Director, Leslie Lawton, is about to leave for the Edinburgh Lyceum, which has not attracted much attention of late).

In all, though, the amount of good new work in the regions is depressingly small and it is a sad sign of the times when accomplished new work by David Hare and Trevor Griffiths, which has proved itself on the London stage, is inevitably consigned to regional studios.

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (200s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. orders	Retail vol.	Retail value	Unemp.	Vacs.
1977							
3rd qtr.	106.3	103.3	106	104.3	234.2	1,413	151
4th qtr.	105.9	102.1	106	104.4	239.4	1,431	157
1978							
1st qtr.	107.1	102.5	108	106.3	246.0	1,409	188
2nd qtr.	111.1	105.0	105	108.0	254.2	1,367	213
3rd qtr.	110.6	104.8	113	110.8	267.6	1,380	213
June	111.8	105.9	99	108.7	257.2	1,365	217
July	111.3	105.3	109	111.4	265.8	1,371	211
August	111.4	105.6	109	111.8	270.3	1,392	209
Sept.	110.4	104.3	120	109.5	296.6	1,378	219
Oct.	109.3	103.3		109.6	267.2	1,360	228
Nov.				109.5		1,339	231
Dec.						1,321	231

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal-manufacture, textiles, leather and clothing (1975=100); housing starts (200s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mfg.	Textile	Hous. starts*
1977							
3rd qtr.	104.3	98.7	116.5	99.9	107.8	101.3	25.4
4th qtr.	104.9	97.5	114.4	98.7	95.2	100.2	20.7
1978							
1st qtr.	105.3	99.8	116.3	100.8	95.4	97.2	17.8
2nd qtr.	107.9	99.2	122.9	100.7	108.2	99.4	27.1
3rd qtr.	107.1	100.5	122.4	101.6	102.3	100.6	22.8
June	109.0	100.0	124.0	101.0	112.0	100.0	30.9
July	106.0	101.0	124.0	101.0	113.0	104.0	23.6
August	106.0	101.0	122.0	103.0	93.0	104.0	20.3
Sept.	107.0	100.0	122.0	100.0	101.0	101.0	24.5
Oct.	106.0	98.0	122.0	98.0	101.0	99.0	24.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. trade US\$bn*
1977							
3rd qtr.	124.4	106.6	+ 31	+575	-602	101.0	13.4
4th qtr.	117.6	102.7	- 5	+591	-657	102.4	20.39
1978							
1st qtr.	119.5	114.1	-442	-413	-348	104.8	20.63
2nd qtr.	122.0	110.3	-182	-126	-698	104.6	16.75
3rd qtr.	125.3	116.1	-942	-26	-315	105.3	16.85
July	126.2	116.1	-152	-47	-221	104.6	16.74
August	124.4	111.3	+ 46	+152	-98	105.7	16.4
Sept.	125.1	120.8	-236	-121	-196	105.3	16.51
Oct.	127.4	111.9	+ 97	+217	-171	105.5	15.97
Nov.	124.5	120.3	-192	-72	-167	106.6	15.87

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (3m); building societies' net inflow; HP, net credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advs. %	DCE £m	BS inflow	HP lending	MLR %
1977							
3rd qtr.	280.0	10.4	20.3	+365	1,157	1,149	7
4th qtr.	232	12.6	8.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6
2nd qtr.	8.5	15.7	24.6	+2,858	694	1,292	10
3rd qtr.	16.8	5.3	8.6	+525	746	1,427	10
July	9.3	9.5	34.7	+104	200	458	10
August	3.7	1.6	15.7	-292	200	493	10
Sept.	16.8	5.3	8.6	+713	346	476	10
Oct.	13.8	5.5	1.8	+535	363	469	10
Nov.	12.3	10.6	9.8	+106	261		12

INFLATION—Indices of earnings (Jan. 1978=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn. ing*	Basic matls.*	Whsale mfg.*	RPI*	Food*	FT* comdy.	Strlg.
1977							
3rd qtr.	116.1	146.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.2	145.8	187.4	199.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	128.9	146.3	152.0	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.7	199.2	206.2	253.74	62.4
July	132.6	145.8	153.8	198.1	206.1	237.68	62.1
August	131.7	144.2	154.8	199.4	206.2	248.54	62.4
Sept.	134.2	144.8	155.7	200.2	206.3	253.74	62.7
Oct.	135.1	145.8	156.6	201.1	205.6	265.22	62.3
Nov.	147.2	157.1	202.5	207.9	205.63	263.63	62.7

\* Not seasonally adjusted.



Fred Pearson and Peter Hugo-Daly in "The Ragged Trousered Philanthropists"

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December 19, 1978

With seasonal children's plays becoming more popular in central London, and West End pantomime long ago turned into semi-adult entertainment, you have to go to places such as Leatherhead, Croydon, or Bromley these days for a choice of traditional panto.

*Robinson Crusoe* at the Churchill Theatre, Bromley, is one such, with all the expected ingredients from the opening by a buccaneer's ghost and a fairy queen speaking in rhymed couplets, to the closing walk-down with the golden-thighed principal boy in a special glittering finale costume.

In between, writer/director David Poulson has packed 16 scenes, varying from the interior of the Three Bells Tavern in Hull to the Canabai Kingdom on the island of Juan Fernandez, and all of them peopled by the traditional

characters. There are several villains, several funny men, including one dressed as a dancin', energetic singing-and-dancing chorus of "girls and boys," a grumpy squire and, of course, his pretty daughter. Furthermore, there is a proper orchestra in the pit, which is something that precious few of the London children's plays offer.

This production does duck the complication and expense of a transformation scene, as have so many pantos in recent years, which is a shame because today's children, inured to the marvels of television, are not less but more astounded by the magic achieved without electronic tricks in live theatre.

Otherwise, though, the expected events are all present: competitive community singing from a giant song-sheet, slapstick with buckets of paste, "look out behind you" warnings for the children to shriek, and in Bob Grant, one of the best pantomime dames I have seen in many years. Asked by comedian Jack Douglas if they had enjoyed themselves, the first-night audience roared a resounding "Yes!" and that no critic can gainsay.

There were faults, nevertheless: very thin singing from both principal boy and principal girl (Aimi Macdonald and Pippa Page) and occasional signs that Jack Douglas and George Truzzi as ship's mate and captain were enjoying their shared comedy routines even more than the audience were. No doubt a little tinkering with amplification and stage discipline will sort all that out. My children preferred this pantomime to the more modern West End shows they have seen, anyway.



Aimi Macdonald

## Dutch pictures loaned to National

The Queen has placed on loan at the National Gallery six outstanding 17th-century Dutch paintings (in addition to the small group of early Italian panels already at Trafalgar

Square). The Dutch pictures all come from Windsor Castle and went on view at the National Gallery on December 21, where they will remain for about four months.

They include *The Music Lesson* by Johannes Vermeer. This is almost certainly the most important painting by the artist in Great Britain, and now hangs with the National Gallery's two Vermeers.

This announcement appears as a matter of record only.

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December 1978







# Pantomime: the great survival act

BY ANTONY THORNCROFT

THE HERO of this year's pantomime at the London Palladium makes his escape as he has always done, by summoning the Genie of the Lamp to his aid at the last possible moment.

However, Louis Benjamin, the impresario, is not banking on miracles to manage his escape from his £300,000 investment in Aladdin. It is all a carefully calculated business risk—but it is a risk. No longer does the Palladium automatically present a pantomime at Christmas. It did not do so last year and it is very unlikely to mount one next year when Sir Brynner in the musical *The King and I* should still be packing them in. More to the point this is a brand new production. "The new lavish I have been involved with for a decade," says Benjamin. "We are having one huge go at evaluating whether the public wants pantomime or not. If Aladdin is not a success there will have to be a reason and we will have to establish what it is. It is quite possible that Aladdin could be the last of the really big pantomimes."

The problem, of course, is money. The theatre is a very labour-intensive industry and costs here have risen even faster than the rate of inflation. Pantomimes were traditionally very spectacular events, the annual highlight for an entertainment-starved public. Now the abundance of alternative attractions has reduced the length of the pantomime season. Long gone are the days when a pantomime would run almost to Easter and keep the local theatre in funds for the rest of the year.

The Palladium is trying to recoup £300,000 in production costs in only 13 weeks. When £20,000 a week in running costs, plus almost as much again in

advertising and the like are added, the total investment in Aladdin could be well in excess of £800,000. It would take a miracle to get the money (which is the cost of a very ambitious West End musical) back in three months, and in fact Louis Benjamin does not really expect to do so.

Any profits will come in over the years by using the production again and again. Aladdin could well surface in one of the few remaining large theatres in the provinces, or more probably in Canada, where there is an insatiable demand for British pantomime. In time the costumes and the sets will be leased out for steadily more humble pantomimes, making an appearance somewhere every Christmas for the next decade. However, this Aladdin is rather different because it involves Danny La Rue as Widow Twankey. Around £30,000 has been spent on his costumes, one particularly impressive outfit costing £5,000. As Benjamin says "Danny's costumes alone cost the same as the whole show would have done a decade ago." They are too valuable to go into store after the season to be used by future Dames and some deal will emerge between the Palladium and Danny La Rue on their eventual use.

## Matinees

The Palladium, which is the flagship of the Moss Empires group, needs over 60 per cent capacity to break even on Aladdin. There will be no problem in the early weeks when the schools are on holiday but later, especially during the afternoon matinees, some incentives, like halving seat prices for old age pensioners, are needed. Since pantomimes are very much a family occasion

prices have to be kept low—the Palladium is charging between £1.50 and £5, but the two performances a day help to swell the take. It would be more profitable for the theatre to put on big international stars but Benjamin says "I would love Aladdin to pay for itself in 13 weeks. I think it can."

The Palladium's last pantomime, *Cinderella*, presented two years ago, turns up this Christmas at the Bristol Hippodrome, and Moss Empires also has productions at Birmingham and Liverpool. But the days when impresarios like the Litter brothers mounted 30 or more pantomimes a year are well and truly over. For a while Howard Wyndham produced pantomimes in its regional theatres but now the company has diversified into other entertainment interests and has rid itself of its provincial theatres and of its pantomimes. This Christmas, Triumph Productions, with five pantomimes, is probably the most active company left in the field.

Like Louis Benjamin, the administrative consultant of Triumph, Gilbert Harrison, has mixed feelings about the future of pantomime. This year looks good with bookings up everywhere, but it is still hard way to make a profit in the theatre. Triumph is producing one new pantomime this Christmas—a Robinson Crusoe for Richmond which will cost around £80,000 to stage. But when this joins the stock repertoire—Triumph has a Dick Whittington at the Ashcroft in Croydon, a *Cinderella* in Bath, a Jack and the Beanstalk in Birmingham and an Aladdin in Eastbourne—there are no plans for a new pantomime in 1979.

While costs seem certain to rise, because pantomime is a family occasion, seat prices cannot be easily raised. The only



Aladdin still packs them in: Peter John as Widow Twankey, Stephanie Voss as Aladdin and Mikki Magorian as Slave of the Ring (left to right) in production at Walford Palace theatre.

way out appears to be to reduce running costs and that is what is happening. There used to be a dozen in the chorus—now few pantomimes can field more than six or eight, although the Palladium still runs to 26. The band in the pit has shrunk to half a dozen rather than a dozen, and more use is made of taped music. Those still employed—and pantomime has traditionally been the starting off point for 16-year-old dancers—are probably earning £80 a week, almost double the rates of a few years ago.

Where there is no stinting yet is on stars. Pantomime producers are convinced that the public will only come to see the really big television names—so Moss is fielding Cilla Black at Liverpool and Norman Wisdom at Birmingham in competition there with Triumph's Arthur Askey. Eastbourne has Terry Scott while Jon Pertwee and Bernie Winters are appearing at Bath. All these are likely to be earning around £1,000 a week. And there have to be "the spectacular effects—the scenes that dazzle the children and

impress the adults. At Bromley, for example, where the Churchill Theatre is putting on Robinson Crusoe, Jack Douglas, the comedian, has persuaded the producer to include a gag which involves everyone on stage wearing the same clothes as he does—and fifteen identical costumes can play havoc with the costings. It is a seasoned pantomime tradition that the stars should introduce their own business into the shows but Bromley is rather sensitive about the matter because last year's improvements pushed the cost up to £40,000 and consumed the profit. This year costs are being kept down where possible, but still there are 25 in the cast and 14 in the orchestra.

It is the same story at the Walford Palace which is putting on Aladdin. A backcloth now costs £150 and 15 are needed in this production. The theatre cannot afford new sets for each pantomime, so a complicated system develops of hiring in where possible appropriate props and scenery for Aladdin while hiring out sets which Walford has produced in years past. Even so, it no longer expects to make a profit from pantomime. Like more and more theatres, the Palace is run by the local authority, many of which tend to see pantomime almost as an extension of the social services department.

And so a pattern is emerging: a few, a very few, lavish new productions playing the handful of major theatres. A middle band of theatrical impresarios who include pantomimes as part of their annual work load with increasing worries over the cost; and a mass of small, local pantomimes underwritten by the local councils. In terms of numbers, there are probably more pantomimes than Christmas for many years, but

few will be on the grand scale. Not all commercial management are dubious about the future of pantomime. Paul Elliott and Brian Hewitt-Jones are presenting half a dozen pantomimes this Christmas, some in their own theatres, as at Lincoln, some for civic theatres, as at Rickmansworth. As usual, this management has a new production—Goldilocks—which will first be seen in Canada with Lionel Blair. All its new productions are launched through profitable tours of Canada and then return to go round the British provinces in subsequent Christmases. So the sets and costumes of last year's Dick Whittington are now being hired out to Oxford, which tries to keep its pantomime traditional, steering a middle course between the lavish and the sparse. The stars are well known without being famous, and their top weekly salary is rarely over £500; there are dancers, but perhaps only four of them; the sets and costumes look good, mainly because they have been well treated over the years.

## First visit

With such an approach pantomime can be profitable, but it can never make a fortune, and more and more in the theatre the choice is between a financial disaster or a fantastic success. If a production does not have the potential to guarantee an asset to set against the more speculative ventures it is usually not worth the management time involved in preparing it. Just as the local authorities are keeping alive the provincial theatre so they will keep alive pantomime. It is still the first visit to the theatre for most children and although it faces, as it always has, an

almost impossible task in trying to appeal to all age groups, prospects now are probably better than for many years past—at least at the grass roots level.

Alternatives such as ice shows, circuses, seasonal pup concerts seem to have fared less well than the pantomime, although it does have rivals which have quickly established themselves as almost traditional in a very few years. David Wood has now written 15 musical plays for children intended to appeal to the whole family at a time when pantomime has been aimed increasingly at adults, with big television names doing their routine acts. This year 11 Wood plays are being produced. They are especially attractive to repertory companies because they do not require stars and often need only one set. As a result they are cheaper—a production seldom costs more than £20,000.

There are now almost as many approaches as there are pantomimes, from those aimed at children to the pantomime aimed at the very young, from the very traditional to the very contemporary. There is little in common between the Palladium Aladdin, which forges many of the traditional pantomime routines in favour of the special clamour which surrounds a top TV personality, and the new David Wood play, *Babes in the Magic Wood*, at Hornchurch which brooders a modern approach around the familiar pantomime theme. And there are still a variety of financial interests involved, although the future would seem to lie with local authority sponsored shows. What does seem certain is that the fears expressed for the survival of pantomime, first aired almost a century ago, are still rather premature.

## Letters to the Editor

### Initially a good year

From Mr. E. Bruce Lockhart  
Sir—Once again, as the year draws to its close, the time has come to close my customary brief account of the past 12 months.

Most of 1978 has been taken up with IMF conferences—an unwelcome experience with so many of the G7/10 quarrelling over PSD and IDS. It was such a pity when BOTB and ECOD went to great lengths to achieve harmony over EMS and CEC.

Nevertheless some light relief was provided by a KNUFNS delegation which survived directly from a PWR/OECD meeting; delegates were continually confusing AEIH with CPISA. Hardly helpful when discussions arose on PWR and PSBR matters.

Quite separately the SALT and GATT decisions made life particularly troublesome for EDC and PUMA and I had a particularly difficult time with INSURE.

All bad things must come to an end, however, and the GEM award-giving at the conclusion of the conference was followed by ENIIRI's jointly given farewell cocktail party. The CPDT really missed out on this one; it was a magnificent carousel of which the TUC—not to mention EIB—would have been proud. The only trouble was that some bright spark from ACDA set fire to my copy of the FT of December 14 which explained all these goings-on so succinctly.

B. N. Bruce Lockhart  
Penny Castle Caribach and Co.,  
112 Finsbury Square, EC2.

### Tea companies profits

From the Chairman, India Regional Committee, British Tea Producers Association  
Sir—Your report (December 6) of the withholding of remittances of profits earned by British tea companies in India, by its reference to a suspicion on the part of the Indian tax authorities that more money has been paid by way of secretarial and management fees to their secretaries in the UK than was justified is misleading.

To the best of my knowledge, the Indian tax authorities have never suggested that payments to the UK secretaries of sterling tea companies were excessive. The amounts paid have been in accordance with the agreements existing between them. In fact all such payments can only have been made with the prior permission of the Reserve Bank of India. The point on which disagreement has in fact arisen is whether or not the UK secretaries have at all times carried out their duties entirely outside India.

Sir John Jardine Paterson,  
Victoria House,  
Vernon Place, WC1.

### Permanent inflation

From Professor D. Myddelton  
Sir—May I support what Professor Dudley Johnson (December 20) says about the social costs of permanent inflation. He mentions "the intermittent

declines in output and increases in unemployment caused by inflation, in addition to misallocation of resources, social tensions, etc.

In order to let the market system work, prices must be free to fluctuate. Otherwise the price mechanism cannot perform its essential function. Keynes was tragically mistaken in claiming that a "flexible money" policy was "more sensible than" a "flexible wage" policy. For many years now we have been experiencing the "long run" which he said we could afford to ignore.

The Government pretends to be fighting against inflation. Yet alone of the nine EEC Governments—it refuses to join the European monetary system whose main aim is to stabilise currencies. Why? Because, as a matter of policy, the British Government wants a higher rate of inflation than the other EEC countries.

One particularly damaging aspect of the British Government policy of permanent inflation is its effect on the reliability of economic calculation. What is needed is a system of inflation accounting which is logical, simple to understand and to operate, and which fully adjusts for the effects of inflation. Constant purchasing power (CPP) accounting is such a system: current cost accounting (CCA) is not. More than five years after the accountancy bodies proposed CPP the Government continues to resist it.

Government-created inflation is harmful enough. Government interference with proposed accounting adjustments exacerbates the damage. Even Sir Francis Sandilands now recognises that the report of the Government's so-called inflation accounting committee was less than satisfactory. Even after the purchasing power of the pound has been halved yet again, it is still not too late for the Government to withdraw its political objection to constant purchasing power accounting.

D. R. Myddelton,  
Cranfield School of Management,  
Cranfield, Bedford.

### The value of small firms

From the Chairman, the Association of Independent Businesses  
Sir—The recent survey from Shell UK, "small firms in cities," has produced some previously unpublished evidence that smaller firms alone can create significant numbers of new jobs. This is an argument that the Association of Independent Businesses has been putting forward for more than a decade but which the Shell study takes from the realm of opinion into the realm of fact.

In a 20-year study, Dr. Cudgin of the University of Leicester, concluded that small firms in the East Midlands, while accounting for only 11 per cent of the region's jobs, were responsible for fully two-thirds of the net increase in jobs recorded between 1948 and 1967.

We are already aware that politicians of all parties are coming around to our way of thinking on small firms and employment prospects, but as employment figures remain low, micro-technology advances, and—dramatically—in the nationalised industries and larger concerns threatens fur-

ther redundancies, we are convinced that statistics of this sort clearly point to even more determined policies to improve the climate of our sector, and to the need to re-order some of our economic priorities.

Brian Kingham,  
Europe House,  
World Trade Centre, E1.

### Changing jobs

From the Secretary-General, The Life Offices' Association  
Sir—Your article "Why you should think twice before changing your job" (December 20) discusses a survey on preserved pension levels on change of employment recently carried out by the British Institute of Management. This survey claims, as you indicated, that most of the insurance representatives consulted took the view that "people who leave companies do so for their own benefit and therefore can hardly expect to be treated decently."

This is most certainly not the view held by members of the Life Offices' Association. In written evidence submitted to the Occupational Pensions Board in connection with the Board's inquiry into the protection of occupational pension rights and expectations on change of employment, the LOA and its sister body, the Associated Scottish Life Offices, stressed that for employers within the private sector the question is one of costs and of the priorities of allocating the contributions to pension schemes between employees who remain in one employment until they retire and those who leave.

Cost is the major constraint on improvements to pension benefits on leaving service—as indeed it is on any improvement to employee remuneration or benefits on retirement—and only the employer can take the ultimate decision. As the BIM survey correctly points out the insurance industry will react to whatever an employer wants.

T. H. M. Oppé,  
Aldermay House,  
Queen Street, EC4.

### Basis for complaint

From Mr. D. S. Hulse  
Sir—I refer to your article headed "BL Tops Safety Complaint Survey" (December 22). In view of the fact that BL and Ford are the market leaders in this country, it is hardly surprising that their vehicles should register a higher absolute number of complaints than their competitors. I find it disturbing that a responsible newspaper should publish such misleading statistics without any kind of qualifying statement.

While it would be unreasonable to pretend that Ford or BL have no complaints, I feel that such statistics should be represented, not as a percentage of total complaints, but as a percentage of vehicles sold in a given period, with the resultant figures expressed in complaints per hundred units and tabulated for comparison.

I feel sure you will agree that this is the only realistic way to make a comparison between makes, and suspect very strongly that a rather different picture would emerge, which is important when one considers the in-

creasing penetration of imported foreign vehicles into the UK market.

D. S. Hulse,  
204 Haynes Park Court,  
Stevens Close,  
Hornchurch,  
Essex.

### Citizens' band radio

From Mr. G. B. Moser  
Sir—Your report by John Lloyd (December 22) on the problems that have beset British Radio is timely having regard to the pressures on Government and others for permission to amend the Wireless Telegraphy Acts relating to Citizens' Band Radio. It is very clear to all users of the Radio Frequency Spectrum that chaos caused by too many stations on the same or closely related frequencies can arise should the relevant authorities not maintain an effective control.

The business user should not be confused with the person who merely wishes to have "the freedom of the air" for social chit-chat. In my view the increased use of business radio can be highly effective as regards cost and efficiency to the benefit of the customer and the community generally. I am not aware of any material evidence that supports the corresponding argument for Citizens' Band Radio.

Having regard to the present congested state of the short wave bands one must hope that the Government will stand firm against this pressure which is commercial in origin and which does not have the needs of the UK community to support it.

G. B. Moser,  
20, Kentwood Road,  
Kendal, Cumbria.

### The strike weapon

From Miss M. Gough  
Sir—Having once myself been in the same situation as Mr. Imrie (December 19), i.e. a principal in the civil service asked to strike for a fair and reasonable rate of pay, he may like to know the points which occurred to me when I decided what to do.

Governments have treated the service unfairly and have, by changing the rules of employment unilaterally, created bad feeling and diminished the quality of entrants; but to disapprove of such behaviour implies an equal dislike for oneself if one behaves similarly. Any employed person is free to resign if he dislikes his conditions of employment (I know the snags in leaving the service); I liked my job and did not wish to leave. One good thing about the service is that, even if one belongs to a union, one is not forced by a closed shop to strike if one does not wish to; one retains one's own independence of action.

Mr. Imrie's moral dilemma therefore resolves itself into a personal battle between his desires and his principles. The quality of the service would be diminished further if all its members abandoned their principles because others seem to have none.

(Miss) M. Gough,  
2 Cross Cottages, Stogursey,  
Bridgwater, Somerset.

## Today's Events

**GENERAL**  
Herr Helmut Schmidt, West German Chancellor; Mr. Pierre Trudeau, Canadian Prime Minister; Mr. Malcolm Fraser, Australian Prime Minister; Sr. Carlos Andres Perez, President of Venezuela; Li Gen, Olesgun Obasanjo, Nigerian Head of State; and Mr. Odvar Nordli, Norwegian Prime Minister, are among those attending a summit on North-South dialogue in Jamaica, at the invitation of Mr. Michael Manley, Jamaican Prime Minister.

Investment intentions of Scottish companies in manufacturing and construction for 1979, published in Edinburgh by the Scottish Council, Development and Industry.

Price Commission report published on prices and profits of

four companies in the Dollond and Aichison group.

**OFFICIAL STATISTICS**  
Department of Energy publishes energy trends.

**COMPANY RESULTS**  
Final dividends: Reliant Motor Group, Vectis Stone, Interim dividends: S. Hoffmann, Sterling Credit.

**COMPANY MEETINGS**  
Blackwood Morton, Burnside

Works, Kilmarnock, 12, Errington, Bloomsbury Centre Hotel, Coram Street, WC1, 12, Swan Hunter, Royal Station Hotel, Newcastle upon Tyne, 12.

**LUNCHEON MUSIC**, London Organ recitals by Prof. Gordon Phillips at All Hallows-by-the-Tower, 12.15 pm and 1.15 pm.

**EXHIBITION**  
Boys and Girls Exhibition, Bingley Hall, Birmingham (until January 7).

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / December, 1978

\$125,000,000

American Can Company

9¼% Notes Due June 15, 1984

Interest payable June 15 and December 15

Salomon Brothers

Morgan Stanley & Co.

The First Boston Corporation

Donaldson, Lufkin & Jenrette

Goldman, Sachs & Co.

Merrill Lynch White Weld Capital Markets Group

Bache Halsey Stuart Shields

Blyth Eastman Dillon & Co.

Dillon, Read & Co. Inc.

Drexel Burnham Lambert

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.

Lazard Frères & Co.

Lehman Brothers Kuhn Loeb

Loeb Rhoades, Hornblower & Co.

Paine, Webber, Jackson & Curtis

Smith Barney, Harris Upham & Co.

Warburg Paribas Becker

Wertheim & Co., Inc.

Dean Witter Reynolds Inc.

Bear, Stearns & Co.

L. F. Rothschild, Unterberg, Towbin

Shearson Hayden Stone Inc.

ABD Securities Corporation

Allen & Company

A. E. Ames & Co.

Atlantic Capital Corporation

Basle Securities Corporation

Alex. Brown & Sons

Daiwa Securities America Inc.

F. Eberstadt & Co., Inc.

EuroPartners Securities Corporation

Robert Fleming

Kleinwort, Benson

Ladenburg, Thalmann & Co. Inc.

Moseley, Hallgarten & Estabrook Inc.

New Court Securities Corporation

The Nikko Securities Co. International, Inc.

Nomura Securities International, Inc.

Oppenheimer & Co., Inc.

Wm. E. Pollock & Co., Inc.

Scandinavian Securities Corporation

SoGen-Swiss International Corporation

Stuart Brothers

Thomson McKinnon Securities Inc.

Tucker, Anthony & R. L. Day, Inc.

Wood Gundy Incorporated

Yamaichi International (America), Inc.

New Japan Securities International Inc.

Nippon Kangyo Kakumaru International, Inc.

Sanyo Securities America Inc.











# Wall Street retreats 7.4 in moderate activity

**INVESTMENT DOLLAR**  
The Dow Jones Industrial average, up 21 points over the past two business days, retreated 7.45 to 808.86. The NYSE All Common Index declined 46 cents to 853.90, while losses outpaced gains by 1.037 to 451. Trading volume came to 25.58m shares, exceeding Tuesday's total of 21.7m.

Analysts said the market also felt the influence of year-end tax selling and portfolio switching.

The U.S. State Department said a continued shutdown of Iran oil industry could lead to a critical shortage of fuels for Iranian home heating and industry. Oil production in Iran has fallen dramatically.

Texton stated yesterday that its Bell Helicopter division was notified by the Government of Iran to terminate work on its Iranian helicopter joint production programme.

The new industry-wide prime rate of 11 1/2 percent, combined with the other influences, took its psychological toll, analysts noted, adding that investors are beginning to talk about a 12 per

cent Prime Rate, matching the high set in 1974.

IBM was one of the most active NYSE issues and was down 6 1/2 at \$302. The issue jumped 14 1/2 points on Tuesday and 19 1/2 last week following its dividend increase and proposed four-for-one stock split.

Teletype toll 21 to \$381, Xerox 11 to \$53, and Control Data 11 to \$341, while Schlumberger declined 2 1/2 to \$94, Eastman Kodak 11 to \$60, and Polaroid 11 to \$51.

Continental Telephone was unchanged at \$14. The company has purchased 7.4 per cent of the 3,522,300 shares of WUI Common stock still outstanding, said WUI, which advanced 2 1/2 to \$85 before trading in its stock was halted.

Mobil Oil receded 11 to \$63. The company and its partners are planning and abandoning an exploratory well on block 544 of the Baltimore Canyon after tests indicated no significant quantities of hydrocarbons.

Raytheon hardened 1/4 to \$47 on raising its quarterly dividend to 40 cents a share from 30 cents.

UV Industries gained 1/2 to \$231. Sharon Steel, an 86 per cent-owned unit of NVF, has filed with the Securities and Exchange Commission to buy at least 10,000 additional shares of UV by January 19.

Dillingham climbed 1/2 to \$81. The company has sold an Australian subsidiary and as a

result expects a year-end tax credit to raise 1978 operating net profits by 50 cents a share.

**THE AMERICAN SE Market**  
The index receded 1.45 to 150.08 in fairly busy trading. Volume 3.55m shares (3.03m).

Sharon Steel gained 1/2 to \$201, but active Houston Oil lost 1 1/2 to \$157. Houston International "A" slipped 1/2 to \$261 and Amahl declined 2 to \$51.

**Canada**  
After last week's strength, markets displayed an easier tendency yesterday in a light turnover, volume in Toronto amounting to only 1.8m shares, down from last Friday's 4.63m.

The Toronto Composite Index, following Friday's rise of 13.5, shed 2.7 to 1,295.6. Metals and Minerals came back 8.1 to 1,079.6. Oils and Gas 3.4 to 1,336.0 and Papers 0.16 to 1,545.7.

However, Banks improved 1.35 to 305.50, while the Golds index advanced 31.2 to 1,417.6 on news volume with Dome Mines adding C\$4 at C\$50, Campbell Red Lake 1 at C\$35 and Pamour also 1 at C\$61.

Simpsons units, the most active Toronto stock, eased 1/2 to C\$71 on 120,345 shares. The last 20 cents to C\$240, but Simpsons' Sears "B" gained 1/2 to C\$71. Hudson's Bay, which is bidding for Simpsons, put on 1 to C\$207. Inco "A" lost 1/2 to C\$181 and Bank of Montreal 1 to C\$251.

## Indices

NEW YORK - DOW JONES

	1918.										Since Comm.			
	Dec. 27	Dec. 26	Dec. 25	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 20	Dec. 19	Dec. 18	High	Low	High	Low
♦Industrials	288.55	287.55	286.47	285.47	284.78	283.98	283.58	282.58	281.58	280.58	279.58	278.58	1161.75	1151.75
Transport	206.78	205.78	204.78	203.78	202.78	201.78	200.78	199.78	198.78	197.78	196.78	195.78	775.48	765.48
Utilities	86.08	85.08	84.08	83.08	82.08	81.08	80.08	79.08	78.08	77.08	76.08	75.08	272.08	262.08
Trading vol.	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600
Unsettled vol.	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600	25,600



## Companies and Markets

## U.S. cotton output rise encouraged

WASHINGTON — U.S. cotton farmers will not have to set aside, or divert, acreage from the 1979 crop to be eligible for the price support payments, the U.S. Agriculture Department said yesterday.

The Department said the final target price for the 1979 upland cotton crop will be announced later. But based on December 1 estimates of yield and production, the target price would be 57.7 cents per pound compared with 52 cents for the 1978 crop.

Rupert Currier, acting secretary of agriculture, pointed out that cotton stocks next August 1 are expected to be no higher than 4.6m bales and a stock level of about 4.5m bales is generally considered desirable.

U.S. consumption has improved in recent months and export demand remains strong and is expected to remain so in 1978-80 due to relatively low overseas stocks, he added.

A setback or diversion programme, coupled with bad weather, could result in tight supplies and further reduction in cotton supplies, resulting in higher prices and a reduction in cotton use in the long term.

Reuter

## SWISS CUT PRICE OF CHOCOLATE

BERNE — Swiss chocolate makers are cutting the cost of chocolate next month because the costs of imported cocoa stabilised during 1978.

The Swiss Chocolate Industry Convention, comprising the country's leading manufacturers, said in a statement there had been a slight easing of raw material costs since an unprecedented increase in 1977.

In Accra, the Ghana Cocoa Marketing Board said purchases in the eleventh and twelfth weeks of the 1978/79 season ending December 21 and 28 were 16,848 and 14,920 tonnes respectively.

This brings the cumulative total so far this season to 194,225 tonnes.

## INDIAN JUTE STRIKE THREAT

NEW DELHI — Trade unions in West Bengal's jute industry confirmed their intention to stage an indefinite strike from January 5.

Meetings between union leaders and representatives of the Indian Jute Mills Association (IJMA) failed to produce a settlement.

Reuter

## Lead prices jump after fire hits German refinery

By JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES jumped on the London Metal Exchange yesterday following news of a fire closing down a big lead refinery owned by Metallgesellschaft in West Germany.

Cash lead gained \$12.25 to \$422 a tonne, only just below the all-time peak of \$443 reached at the beginning of the month.

A spokesman for Metallgesellschaft said a fire over the Christmas holiday had halted production at the company's Binsfeld Hammer lead refining plant near Aachen. Production is planned to resume in mid-January but only after extensive plant reconstruction.

The plant has an annual production capacity of 120,000 tonnes of lead.

This setback to a major lead refining plant could hardly have come at a worse time for the market. Several speculators have already been forced to close down temporarily, and operate below capacity, because of a shortage of concentrates.

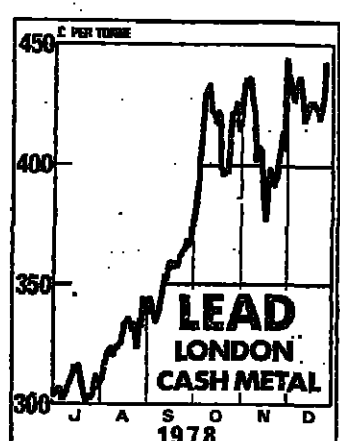
There is a shortage of good quality brands, and LME warehouse stocks have fallen sharply this year from a peak of 60,450 in February, the present total of only 16,025 tonnes, the lowest level since November 1974.

Yesterday's stocks fell of 450 tonnes was, however, in line with expectations and was completely overshadowed by the Metallgesellschaft fire.

So was news that Asarco's Glover plant in Missouri apparently resumed operations over the weekend after the furnace had been shut down last week for the third time this month.

At these high prices it can be expected that fresh supplies, particularly of scrap lead, will be attracted to the market. But scrap production is at a low ebb at present, and there is also the possibility of the Soviet Union and Japan resuming buying after their recent withdrawal from the market.

Other metals resumed trading after the Christmas holiday on



a much more subdued note. Copper stocks rose for the first time since November. However, the rise of 2,375 tonnes increasing total LME warehouse holdings to 376,375 tonnes was only slightly above market expectations and, therefore, had little impact on prices.

Cash wirebars closed only \$2.35 down at \$774.5 a tonne, widening the gap again with the three-month quotation that lost \$0.25 to \$787.

Prices fell fairly on the influence of the stronger tone of sterling. Although the Pengu market was marginally higher over the holiday period, the rise was more than offset by the increased value of the £.

As expected stocks of tin were slightly down, falling by 60 tonnes to a total of 1,625 tonnes. Standard grade cash tin closed \$85 lower at \$6,842.5 a tonne, \$90 above the three months quotation that fell \$7.25 to \$6,752.5 a tonne.

Zinc was boosted by the rise in lead and the cash price gained \$5.75 to \$248.5 a tonne. This was despite a rise of 3,225 tonnes in stocks raising total holdings to 70,725 tonnes.

It was confirmed yesterday that trading in cash aluminium resumed after a two-day moratorium when the first stocks figures will be issued. According to Reuter, trade sources estimate present holdings at around 5,000 tonnes.

## U.S. wheat plantings increase

By OUR COMMODITIES STAFF

AMERICAN FARMERS boosted plantings of winter wheat this year by 8 per cent and could produce a crop 15 per cent bigger than last season, according to the U.S. Department of Agriculture.

The Department said plantings of winter wheat in the U.S. rose to 51.5m acres this autumn compared with 47.7m last year. It forecast that average yields would rise to 28 bushels an acre against the poor yield of 26.2 a year ago and as a result the crop would rise to 1.44bn bushels. Winter wheat accounts for about 75 per cent of total U.S. wheat production.

The eventual size of the crop is dependent on weather con-

ditions in the next six months. But the Department said that on December 1 the crop was in "fair to good" condition, and the increased plantings should mean a bigger harvest.

The rise in plantings has been encouraged by higher prices, despite the huge winter surplus of wheat. The U.S. Government's reserve programme enables farmers to store grain for up to three years, keeping it from depressing the market.

Average prices are currently at \$3.05 a bushel compared with \$2.46 a year ago.

Meanwhile Reuter reported from Hong Kong yesterday that China has harvested about 285m tonnes of grain so far this year, an increase of 10m tonnes above last year. The New China News

Agency said the total figure fell short of the official target due to a severe drought.

It added that this year's production of cotton, oilseeds, jute, tea and tobacco was also higher.

8 ON 83

In Manila it was announced the Philippines will have 260,000 tonnes of rice for export by the end of June next year.

Mr. Arturo Tanco, Agriculture Minister, said the exportable surplus will consist of nearly 140,000 tonnes carryover stock and nearly 130,000 tonnes from the current crop.

The surplus in the current production is despite crop devastation by a series of typhoons over rice-growing areas during the second-half of this year.

## Call for tax on livestock exports

By OUR COMMODITIES STAFF

THE MEAT and Livestock Commission has made a renewed attempt to boost its income, asking the Government to double the levy farmers pay on sheep slaughterings and to authorise the collection of a levy on all exports of livestock.

It is estimated that doubling the sheep levy from 8p to 16p a head would bring in about \$60,000 extra income for the commission, although half would have to go for sales promotion and advertising.

A levy on exports of cattle, sheep and pigs would earn about \$60,000 a year for the commission, which acts as the meat industry's main advisory and market monitoring service.

The MLC made the application to the Government after meetings with representatives of all sides of the industry. Only a few are happy with the proposals and considerable opposition is expected.

The National Farmers' Union, for example, is believed to accept that some increase is needed but says doubling the sheep levy is too big a step.

Other sectors of the industry are happy to approve any increases for promotion but fiercely oppose any help for the MLC's main services.

Mr. Wally Johnstone, the chairman, warned recently that the commission was heading for a \$500,000 deficit this year. While it might be able to stand such losses for one year, the organisation would not be able to tolerate any repetition.

## BRAZIL COFFEE DEMAND DOWN

RIO DE JANEIRO — The Brazilian coffee roasting and grinding industry association, ABIC, said it estimates domestic coffee consumption in 1978 fell to around 6.8m 60-kilo bags from 7m in 1977.

Walter Pierrot, association president, said the decline was a little surprising since there had been no retail price increase so far this year. The association was hoping for a rise to about 7.5m bags.

## NZ DAIRY INDUSTRY

## Australian threat to cheese trade

By DAI HAYWARD

DESPITE strenuous efforts to find new customers for its cheese, New Zealand has still not made up for the loss of the British Market.

Now it is worried that Australian policy could upset the international cheese market and further hit New Zealand's important industry.

The UK used to take 73,000 tonnes of New Zealand cheese. From 1973 this was reduced by 15,000 tonnes a year until 1978 when no NZ cheese at all was permitted into Britain. None will go in 1979 either, although current trade negotiations may provide limited access.

New Zealand cheese production is now restricted. Factories are not allowed to manufacture to their former capacity because no alternative market has yet been found for all the cheese sales lost to Britain.

The NZ Dairy Board has waged a vigorous campaign in all international markets to win new sales during the past five years. As a result it has increased exports to other markets by 35,000 tonnes.

It has also persuaded New Zealanders to eat more cheese, boosting home consumption by 73 per cent and putting an additional 10,000 tonnes on the New Zealand market. This still leaves a shortfall of 25,000 tonnes which obviously affects

the profitability of the industry. The manufacturing restriction has been costly for New Zealand. Now the dairy industry is alarmed at efforts to Australia to place a \$200m per tonne duty on cheese imports. This would further hit New Zealand.

The Dairy Board is concerned that Australia is now emulating the EEC and believes its action could have a similar disastrous effect on the international cheese market. The Board would like the Australians to consider a joint international marketing policy for cheese.

## Competition

The international cheese trade is about 500,000 tonnes a year. Industrialised countries of the northern hemisphere take 350,000 tonnes of this but have restrictions on imports.

This leaves a market for between 100,000 and 150,000 tonnes a year for open competition among the cheese producing countries.

The demand is for varieties of cheese not yet made in any volume in New Zealand or Australia. This means a large proportion of Australian and New Zealand exports is compressed into a narrow sector where prices are highly vulner-

able to even modest increases in supply. New Zealand is concerned that Australian policy will upset these markets and both countries will suffer.

The NZ board has suggested the Australian government should review its present support system where domestic prices for Australian cheese are set high to finance lower priced exports. Cheese manufacture in Australia is encouraged and the NZ Dairy board believes this creates a dangerous situation for cheese exports of both countries.

It could even lead to a collapse of international cheese prices say New Zealand's dairy industry leaders.

"By fostering production and inhibiting consumption the Australian policy threatens a serious spill-over of Australian cheese into a very restricted international market. This could lead to a collapse in prices causing serious damage to the NZ cheese industry which is dependent almost entirely on exports," says the NZ dairy board.

NZ has been making its views known to Australian government officials and also stressing how an industry vital to NZ's economy, which has still not recovered from its expulsion from the British market, cannot afford any further restrictions on sales to Australia.

## West Country farm incomes rise

By OUR COMMODITIES STAFF

INCOMES ON West Country farms rose by more than 30 per cent last year while costs went up by only 10 per cent, according to the Exeter University agricultural economics unit.

In a sample of almost 300 farms, mostly in grassland and concentrating mainly on dairy production, net farm incomes increased from £100 to £131 a hectare during 1977-78. Net income is the sum providing a reasonable wage to the farmer for his manual work, a managerial salary and the return on tenant's capital employed.

An increase in variable costs of only 6 per cent was the smallest for some years. Spending on grain and protein animal feeds, in particular, went up only 1 per cent—reflecting a combination of low price in-

creases and reduced consumption.

Fixed costs, on the other hand, rose 15 per cent. Labour charges went up 10 per cent but machinery charges, boosted by a combination of a 20 per cent rise in the fuel price index and a 23 per cent jump in agricultural machinery prices, increased by 23 per cent overall.

## More milk sold for butter

THERE WAS a further surge in the quantity of milk going into cheese and butter manufacture last month.

The Milk Marketing Board's latest report shows sales of farms went up 5.8 per cent compared with November 1977, liquid sales dropped 0.9 per cent

and the amount diverted into the creameries rose 15.2 per cent.

The board says the small reduction in liquid sales is "really quite remarkable in view of the retail price rise on November 5."

Overall fall for the April-March dairy year is 1.6 per cent so far.

## COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Slightly easier on the London Metal Exchange after forward wirebars had eased to £780, advanced to £790 and then retreated. The rise in

	Official	Unofficial	Official	Unofficial
Wirebars	773.5-774.5	775-776	775-776	776-777
3 months	775-776	776-777	776-777	777-778
6 months	776-777	777-778	777-778	778-779
9 months	777-778	778-779	778-779	779-780
12 months	778-779	779-780	779-780	780-781
U.S. 3m	779-780	780-781	780-781	781-782

1.6. Index Limited 01-351 3468. Three months Silver 302.4-305.0. 28. Lament Road, London SW10 0HS.

1. Tax-free trading on commodity futures.

2. The commodity futures market for the smaller investor.

## WHEAT

warehouse stocks and hedge selling pushed the price down to £268. A higher Corns opening caused a rally to £269.75 on the London market. London fell away to close on the Kerb at £268.25. Turnover 23,800 tonnes.

	Official	Unofficial	Official	Unofficial
High Grade	6880-80	6880-80	6880-80	6880-80
Standard	6880-80	6880-80	6880-80	6880-80
3 months	6880-80	6880-80	6880-80	6880-80
6 months	6880-80	6880-80	6880-80	6880-80
9 months	6880-80	6880-80	6880-80	6880-80
12 months	6880-80	6880-80	6880-80	6880-80

1.6. Index Limited 01-351 3468. Three months Silver 302.4-305.0. 28. Lament Road, London SW10 0HS.

1. Tax-free trading on commodity futures.

2. The commodity futures market for the smaller investor.

## COCOA

In the trading conditions cocoa prices were steady on the day but with renewed short covering, reported Gilt and Duffus.

	Official	Unofficial	Official	Unofficial
Dec.	1293.0-34.0	1293.0-34.0	1293.0-34.0	1293.0-34.0
Jan.	1293.0-34.0	1293.0-34.0	1293.0-34.0	1293.0-34.0
Feb.	1293.0-34.0	1293.0-34.0	1293.0-34.0	1293.0-34.0
Mar.	1293.0-34.0	1293.0-34.0	1293.0-34.0	1293.0-34.0
Apr.	1293.0-34.0	1293.0-34.0	1293.0-34.0	1293.0-34.0
May	1293.0-34.0	1293.0-34.0	1293.0-34.0	1293.0-34.0

1.6. Index Limited 01-351 3468. Three months Silver 302.4-305.0. 28. Lament Road, London SW10 0HS.

1. Tax-free trading on commodity futures.

2. The commodity futures market for the smaller investor.

## COFFEE

Robusta coffee futures opened £30-35 higher but failed to produce any substantial activity even though a promising outlook appeared to be in prospect initially, reported Drexel Burnham Lambert. The afternoon was very disappointing on the London market. House selling eroded values slightly, but trade buying towards the close pushed prices higher to finish 15p up on the day as business picked up.

	Official	Unofficial	Official	Unofficial
Dec.	1472-1473	1472-1473	1472-1473	1472-1473
Jan.	1472-1473	1472-1473	1472-1473	1472-1473
Feb.	1472-1473	1472-1473	1472-1473	1472-1473
Mar.	1472-1473	1472-1473	1472-1473	1472-1473
Apr.	1472-1473	1472-1473	1472-1473	1472-1473
May	1472-1473	1472-1473	1472-1473	1472-1473

1.6. Index Limited 01-351 3468. Three months Silver 302.4-305.0. 28. Lament Road, London SW10 0HS.

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## RUBBER

QUIET opening on the London physical market. Easier throughout the day but with short covering, reported the Malaysian go-down price was 229.5 (228) cents a kilo (buyer, January).

	Official	Unofficial	Official	Unofficial
Dec.	88-88.50	88-88.50	88-88.50	88-88.50
Jan.	88-88.50	88-88.50	88-88.50	88-88.50
Feb.	88-88.50	88-88.50	88-88.50	88-88.50
Mar.	88-88.50	88-88.50	88-88.50	88-88.50
Apr.	88-88.50	88-88.50	88-88.50	88-88.50
May	88-88.50	88-88.50	88-88.50	88-88.50

1.6. Index Limited 01-351 3468. Three months Silver 302.4-305.0. 28. Lament Road, London SW10 0HS.

1. Tax-free trading on commodity futures.

2. The commodity futures market for the smaller investor.

## MEAT/VEGETABLES

MEAT—Pork prices were steady on the day but with short covering, reported the Malaysian go-down price was 229.5 (228) cents a kilo (buyer, January).

	Official	Unofficial	Official	Unofficial
Dec.	88-88.50	88-88.50	88-88.50	88-88.50
Jan.	88-88.50	88-88.50	88-88.50	88-88.50
Feb.	88-88.50	88-88.50	88-88.50	88-88.50
Mar.	88-88.50	88-88.50	88-88.50	88-88.50
Apr.	88-88.50	88-88.50	88-88.50	88-88.50
May	88-88.50	88-88.50	88-88.50	88-88.50

1.6. Index Limited 01-351 3468. Three months Silver 302.4-305.0. 28. Lament Road, London SW10 0HS.

1. Tax-free trading on commodity futures.

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## PRICE CHANGES

Prices in tonnes unless otherwise stated.

	Dec. 27	or	Month
Aluminium	2710		2710
Copper	2710		2710
Gold	2710		2710
Iron	2710		2710
Lead	2710		2710
Nickel	2710		2710
Platinum	2710		2710
Silver	2710		2710
Tin	2710		2710
Zinc	2710		2710

1.6. Index Limited 01-351 3468. Three months Silver 302.4-305.0. 28. Lament Road, London SW10 0HS.

1. Tax-free trading on commodity futures.

2. The commodity futures market for the smaller investor.

## U.S. MARKETS

NEW YORK, Dec. 27.

174.75,	Dec.	173.55,	March	172.70.
Sales: 548.				
<b>Coffee—"C"</b>				
133.00-133.40	(134.00),	May	129.00	March
129.49	(130.00),	July	129.25,	Sept.
128.75-128.90,	Dec.	127.00-127.40,	March	
127.00, May 127.00. Sales: 814.				
<b>Copper—Dec.</b>				
70.35	(69.75),	March	71.15,	Feb.
July	73.80,	Sept.	74.80,	Dec.
78.50,	March	77.30,	May	78.10,
78.95,	Sept.	79.75.	July	
<b>Cotton—No. 2:</b>				
March				67.05-67.20







## AUTHORISED UNIT TRUSTS

[illegible]

Minister Fund Managers Ltd.				Provincial Life Inv. Co. Ltd. v			
Minister Hse. Arthur St.	524	01-6231050		220 Glenhurst, EC2			
Minister Dec. 11	38.8	40.8	5.67	Provinc. Units	183.4	89.3	01-247455
Current Nov. 21	39.6	40.8	5.40	High Income	117.1	126.3	01-247455
Mutual Trust Management Ltd.				Prudential Portfolio Mgmt. Ltd. v (a)(b)(c)			
Old Queen Street, SW1A 9UG		01-3701333		Haubert Park, EC1N 2NH			
Mutual Units	46.4	48.8	+0.3	Prudential	128.5	134.9	01-405922
Murray Johnstone U.T. Mgmt. v (a)				Quilter Management Co. Ltd. v			
153, Hope Street, Glasgow, G2 2UH	041-2215521			Quadrant Cr. Fd.	105.1	109.5	01-600417
ML European	52.4	56.4	+3.57	Quadrant Income	132.3	136.0	01-600417
Mutual Unit Trust Managers v (a)(g)				Reliance Unit Mgmt. Ltd. v			
15, Copthall Ave., EC2R 7BU		01-6064903		Reliance Hse., Tunbridge Wells, Kent		08922227	
Mutual Sec. Pkgs. 22.8	56.8	+0.3	5.77	Domestic Fd.	66.8	71.4	01-405922
Mutual Income Fd.	75.5	79.9	+0.3	Selektor 1	110.9	115.9	01-405922
Mutual High Inc. Fd.	56.0	61.9	+0.3	Selektor 2	117.9	122.9	01-405922
National and Commercial				Rethelsheld Asset Management (g)			
31, St. Andrew Square, Edinburgh	031-5561951			72-82, Galloway Road, Ardross		0359694	
Income Dec. 33	166.8	164.8	5.37	N.L. Equity Fd.	107.7	100.4	01-405922
Income Dec. 34	163.4	161.4	5.29	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Income Dec. 35	163.4	161.4	5.29	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
National Provident Inv. Mgmts. Ltd. v				Rethelsheld Unit Trust Mgmt. (g)			
48, Granchard St., EC3P 3HH		01-6234200		72-82, Galloway Road, Ardross		0359694	
N.P.I. Cap. Inv. Trst.	57.5	59.6	4.80	N.L. Equity Fd.	107.7	100.4	01-405922
N.P.I. Income Trst.	57.5	59.6	4.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
N.P.I. Income Trst.	57.5	59.6	4.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
National Westminster Bank Ltd.				Rethelsheld Unit Trust Mgmt. (g)			
161, Old Broad St., EC2M 6UE		01-4066060		72-82, Galloway Road, Ardross		0359694	
Capital (Accum.)	62.7	70.4	+5.59	N.L. Equity Fd.	107.7	100.4	01-405922
Capital (Inv.)	62.7	70.4	+5.59	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Capital (Inv.)	62.7	70.4	+5.59	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
NIEL Trust Managers Ltd. v (a)(g)				Rethelsheld Unit Trust Mgmt. (g)			
10, Nelson Court, Dording, Surrey		5911		72-82, Galloway Road, Ardross		0359694	
Nielstar	100.1	100.1	8.20	N.L. Equity Fd.	107.7	100.4	01-405922
Norwich Union Insurance Group (b)				Rethelsheld Unit Trust Mgmt. (g)			
P.O. Box 4, Norwich, NR1 3NG		060322200		72-82, Galloway Road, Ardross		0359694	
Group Ret. Fd.	100.1	100.1	5.29	N.L. Equity Fd.	107.7	100.4	01-405922
Group Ret. Fd.	100.1	100.1	5.29	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Pelican Units Admin. Ltd. (g)(c)				Rethelsheld Unit Trust Mgmt. (g)			
31, Fountains St., Manchester, M6 2GE	3565			72-82, Galloway Road, Ardross		0359694	
Pelican Unit Trust Mgmt. Ltd. (a)(c)		09121668		72-82, Galloway Road, Ardross		0359694	
Perpetual Unit Trust Mgmt. v (a)(c)		46.4	+3.38	N.L. Equity Fd.	107.7	100.4	01-405922
48, Hart St., Hove, on Sussex		09121668		N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Pficanity Unit Trust (a)(c)				N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Anthony Gibbs Unit Trust Managers Ltd.				N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
100, Piccadilly, London, W1A 0DU				N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Extra Income	31.9	31.9	10.80	N.L. Equity Fd.	107.7	100.4	01-405922
Extra Income	31.9	31.9	10.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Capital Fd.	31.9	31.9	10.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Capital Fd.	31.9	31.9	10.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Private Fd.	31.9	31.9	10.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Private Fd.	31.9	31.9	10.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Accumulation Fd.	31.9	31.9	10.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Accumulation Fd.	31.9	31.9	10.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Far East Fd.	31.9	31.9	10.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Far East Fd.	31.9	31.9	10.80	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922
Practical Invest Co. Ltd. v (y)(c)				Rethelsheld Unit Trust Mgmt. (g)			
44, Bloomsbury Sq., WC1A 2RA		01-6238993		72-82, Galloway Road, Ardross		0359694	
Accum. Units	29.2	32.3	4.50	N.L. Equity Fd.	107.7	100.4	01-405922
Accum. Units	29.2	32.3	4.50	N.L. Mgt. Reg. Inc.	107.7	100.4	01-405922

# INSURANCE AND

1-3 St. Paul's Churchyard, EC4.				Crown Life Assurance Co. Ltd. v			
Equity Fund	12.3	38.3		Eden House, Woking, GU21 1XW	04682505		
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	12.3	38.3		Mand'g Fund Acc.	103.9	109.3	+0.3
Equity Fund	1						

[illegible][illegible]

## OFFSHORE AND OVERSEAS FUNDS

هكذا من الجاهل

## INSURANCE AND PROPERTY BONDS

[illegible]

**CORAL INDEX: Close 477-482**

## INSURANCE BASE RATES

†Property Growth	11.4%
†Handbought Guaranteed	10.87%

†Address shown under Insurance and Property Bond Table.

**NOTES**

Prices do not include \$ premium, except where indicated †, and are in pence unless otherwise indicated.  
Yields: % shown in last column allow for all buying expenses. a Offered price: include all expenses  
b Today's price: c Yield based on offer price d Estimated % Today's opening price: h Distribution free  
of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes  
at expenses except agent's commission. y Offered price includes all expenses if bought through managers.  
z Previous day's price. % Net of 120 on realised capital gains unless indicated by G. † Guernsey gross.  
\* Suspended. † Yield before Jersey tax. ‡ Ex-subsidy. ‡ Only available to charitable bodies.













## BOUMEDIENNE'S DEATH POSES SUCCESSION QUESTION

## Interim President for Algeria

BY FRANCIS GHILES

ALGIERS — Mr. Rabah Bitat, the National Assembly President, was sworn in yesterday as acting President of Algeria, following the death of President Houari Boumedienne.

President Boumedienne died in the Mustapha hospital, Algiers, yesterday, after going into a coma on November 18. The Algerian leader, thought to be about 50 years old, had been in power since 1965 and was a dominant Third World statesman. He had suffered several ailments, including kidney failure and Waldenstrom's disease, a rare blood infection.

Mr. Bitat was sworn in for only a 45-day period and it is not clear who President Boumedienne's permanent successor will be, or by what process he will be chosen.

Yesterday, Algiers radio broadcast verses from the Koran and short news bulletins. Forty days of mourning have been decreed. As Algiers absorbed the news of the President's death, the city became quiet, flags flew at half mast, and men



Mr. Rabah Bitat: sworn in yesterday.

and women cried in the streets. President Boumedienne had been absent from public life since late September. He went into hospital in November after a long visit to Moscow, which included medical treatment. In Algiers about 40 doctors from several countries — including the U.S., France, Sweden and

Britain — assisted Algerian medical staff.

The immediate reaction of Algerians is to look to the Council of the Revolution which has run the country since President Boumedienne came to power. A major preoccupation is that there should be respect for the institutions he so painstakingly established over the last 24 years.

The interim President took the oath before the National Assembly, at noon, less than nine hours after the President died.

But even though President Boumedienne's death was expected for several weeks, there has been no indication of who his successor will be. One question is whether he should be chosen from the Council of the Revolution, which is not mentioned in the constitution, adopted at the end of 1976 and was due to dissolve itself after the full congress of the ruling FLN party, due early next year. The constitution lays down that the FLN should nominate the candidate, the choice then

being ratified by the Algerian people. But the FLN has not held a congress since before 1965 and has no political bureau.

Instead the method used two years ago for the election of President Boumedienne might be used again — endorsement by a meeting of the 200 to 300 senior officers of the FLN. In any event, it seems unlikely that the late President's successor will be known for some time. The interim president is barred from nomination.

Institutions are accorded great importance in Algeria in view of the country's turbulent history. The bitter nine-year war of independence from France ended in 1962 having claimed 1m dead. President Boumedienne came to power in June 1965, ousting the then President Ahmed Ben Bella. A constitution was adopted in 1976 and elections confirmed Boumedienne as President. A new National Assembly was elected in 1977, the first since 1965.

Search for a leader Page 10

## Land-Rover parts orders may go to outside suppliers

By Arthur Smith, Midlands Correspondent

BL CARS is considering placing valuable contracts with outside component suppliers to reduce the cost of its £280m plan for doubling Land-Rover and Range Rover output.

Jaguar Rover Triumph denies that pressure for economies has been exerted by the National Enterprise Board, BL's main shareholder. The move reflected commercial logic and the need to ensure the project showed a healthy profit return, the company said last night.

Ambitious plans for investment in axle, differential and gearbox facilities at Canley, Coventry, are under review. Quotations are being sought from outside suppliers as an alternative to producing the components in-house.

Firm decisions are expected early in the new year but JRT insists that implications for employment in Canley, where 7,500 people work, will not be serious. Up to 1,000 jobs which might otherwise have been lost could be preserved if the full Land-Rover/Range Rover programme went ahead.

JRT has overcome one of the main obstacles to rapid progress on the expansion programme for the four-wheel drive vehicles. Shop stewards at the Solihull assembly plant, who have vigorously opposed night working, have now given a written commitment to operate a second shift on the Land-Rover and Range Rover lines.

The concession marks a significant breakthrough for the tough management line of putting a freeze on new investment until workers gave such a commitment. JRT will now be pressing the main BL board and the National Enterprise Board in the New Year for the release of funds.

JRT is expected to earn a small profit in the financial year to December 31. Total output has increased by about 7 per cent to more than 203,000 vehicles. In spite of the disruption to production caused by the transfer of TFR sports car assembly from Speke, Liverpool, to Canley, production of Rover saloons more than doubled, and the company plans to sell the car in the U.S. and Japan.

## Post Office plans international marketing company

BY MAX WILKINSON

THE POST OFFICE is hoping to announce early in the New Year the formation of an international marketing company for telephone exchange equipment.

The company is likely to be a joint venture between the Post Office, and the three manufacturers of switching equipment, the General Electric Company, Plessey and Standard Telephones and Cables, a subsidiary of IIT.

Final details have not yet been agreed between the three companies, but all agree that a new venture is urgently needed. The Post Office's new generation of computer-controlled System X exchanges are to be shown to international customers at a major exhibition in Geneva in September. As yet, however, no method of selling the system has been agreed.

Each of the three UK manufacturers is designing and developing a different part of the system under the general supervision of the Post Office.

For the next few years, none of the companies will have the capacity to manufacture—and market—the whole system by themselves.

Sales in the early 1980s will have to be achieved by a co-operative effort. The Post Office will need to be involved closely in the marketing of System X, because only the Post Office has a comprehensive picture of the system.

Agreement between the companies has been made more difficult by the strong sense of competition and some mutual mistrust that has built up between the companies over the years.

Plessey and GEC, in particular, continue to be suspicious about what they regard as the ambiguous position of STC. As a subsidiary of the U.S. company, IIT, STC could eventually find itself competing in overseas markets against the "System 12" computer-controlled exchanges developed by its parent company.

STC points out that it is run as a separate company from its parent, and that the confidentiality of System X design is strictly maintained.

However, the issues raised by this possible conflict of loyalties have presented a difficult hurdle in the formation of a joint marketing company.

For the time being, the National Enterprise Board appears to have abandoned its plans to act as midwife to a merger between Plessey and STC. The idea had been somewhat cautiously condemned by IIT. But a joint marketing company might possibly be considered as an initial step towards integrating the companies more closely.

One of the most important elements in the present negotiations is the question of whether a marketing company could exercise sufficient control over the manufacturing plants of other companies.

## Turkey sets up special courts to prevent renewed rioting

BY OUR FOREIGN STAFF

THE TURKISH Government last night announced the establishment of special military courts in most big cities in a tough new step to prevent the renewal of rioting in which more than 100 people died over the weekend.

The announcement, which follows Tuesday's imposition of martial law in 13 of the country's 67 provinces, came shortly after Turkish Radio reported that at least two more people were murdered in political feuds.

The Government said 54 military judges and prosecutors had been appointed to the new courts in Istanbul, Ankara, Adana and four other cities. It also announced the setting up of the military courts to deal with trouble-makers following a meeting between Mr. Bulent Ecevit, the Prime Minister, and General Kenan Evren, the armed forces Chief of Staff.

Metin Manir writes from Ankara: Mr. Ecevit said yesterday that the purpose of martial law declared on Tuesday was to

end terrorism not to suspend democracy.

In an interview Mr. Ecevit said: "The purpose of martial law is to end terrorism. It will not involve the suspension of the functioning of democratic institutions. It will be applied in a way that should protect the freedoms and human rights."

His government's commitment to democracy and the traditional attachment of the Turkish army to democracy would ensure this.

"The Turkish people are resolved to live in a peaceful and democratic society where human rights and democratic rights are unhindered by either suppressive measures or by physical force," he said.

In private the Turkish government is blaming the weekend riots in the eastern town of Iğdır in which more than 100 people were shot dead, the worst riots in modern Turkish history, on Right-wing fanatics.

Turkey has been calm after the declaration of martial law. But as Mr. Ecevit himself

admitted, it is too early to say whether it would succeed in restoring law and order. Over 800 people have lost their lives in political violence this year, mostly in clashes or riots involving either Right-wing or Left-wing fanatics or terrorists.

The army is maintaining a very low profile in Ankara and Istanbul. In the eastern provinces, however, generals in charge of martial law command have started taking restrictive measures. Rallies have been banned and the activities of all associations suspended. Officials say that thousands of troops are on their way to these provinces.

So far no dramatic measures like arrests or curfew have been taken.

It would appear that initially Mr. Ecevit may try to benefit from the "psychological" presence of the army before using it as a force to crack down. His desire is to avoid confrontation between troops and civilians as has occurred so disastrously in neighbouring Iran.

## Canadian Pacific bids for pulp company

BY ROBERT GIBBENS

MONTREAL — Canadian Pacific, the transportation, industrial and resource group, yesterday bid for full control of MacMillan Bloedel, Canada's largest forest products company, in which it already has a 13.4 per cent stake.

The move adds to the confusion surrounding MacMillan Bloedel, which last week bought C\$75m (£31m) of the 20 per cent controlling block of Domtar, the big east Canada pulp and paper, building materials and chemicals group.

The stake was previously held by Argus Corporation, the Toronto holding company which controls Massey-Ferguson, Hollinger Mines and Dominion Stores.

The announcement of that purchase followed a bid by Domtar for a minimum 51 per cent stake in MacMillan Bloedel. This was followed by MacMillan Bloedel's bidding just over C\$100m (£41m) for sufficient Domtar shares to bring its stake up to 51 per cent.

The latest offer for MacMillan Bloedel is being made through Canadian Pacific's non-rail investments holding subsidiary, Canadian Pacific Investments. CPI is more than 80 per cent controlled by the parent, Canadian Pacific, with the balance of the stock in public hands.

CPI offers one of its convertible preferred shares or C\$28 cash for each MacMillan Bloedel share which last traded in the market around C\$22. Terms of the new preferred option will be made known later. The offer requires a minimum 51 per cent acceptance, though this condition may be waived. Domtar offered C\$27.75, mainly in stock, for each MacMillan share.

CPI is offering to pay just over C\$200m (£83m) on the basis of the cash offer to build its present 13.4 per cent MacMillan holding to 51 per cent. If CPI took all the MacMillan shares it does not already own, the cost would be just over C\$500m (£207m).

If the CPI bid succeeds, the group would control both MacMillan Bloedel and Domtar. CPI already owns Great Lakes Paper, a large newsprint and pulp producer in Ontario, and Canadian Pacific Logging in the west.

The four companies together would have annual sales of around C\$4bn, more than half in export sales. About three quarters of MacMillan's sales of lumber, pulp and paper and packaging products are already sold in foreign markets, including the UK.

CPI said its offer will be made formally as soon as possible subject to legal requirements. The status of the MacMillan Bloedel and Domtar counter offers for each other is now unclear.

Trading in shares of MacMillan Bloedel and Domtar has been suspended by the securities commission until tomorrow and trading in CPI was halted by the exchanges yesterday morning, pending news of the bid for MacMillan.

Continued from Page 1  
Iran

petrol will be affected but also kerosene, widely used in cooking, and heating oil.

The past few days have seen long queues outside petrol stations, and kerosene has frequently been sold under supervision of soldiers and police. Parliament met in special session during its winter recess. It appointed a commission to investigate public complaints and discussed the discontent and industrial unrest.

In today's violence in the capital, opposition groups claimed that eight people were shot dead as groups of youths taunted troops, setting fire to vehicles at many road junctions before being dispersed by shots fired in the air.

One procession of about 6,000 carrying the body of a university lecturer shot the previous day was dispersed by more than 30 minutes of continuous firing by soldiers using automatic and semi-automatic weapons.

I was caught up in the procession. When the firing broke out some 30 yards away, I took refuge in a first-floor flat with about 50 people.

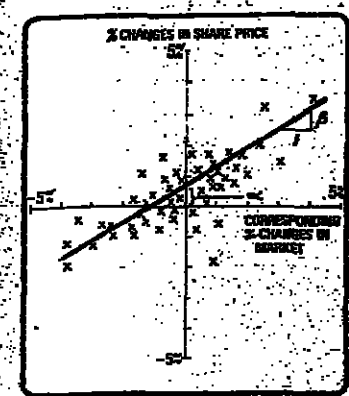
As we crouched in the Hall, not daring to look out of the windows, firing by the soldiers went on continuously. It was an hour before it was safe to leave. Others in the apartment claimed to have seen a soldier shoot two officers before committing suicide with his own rifle.

As I left the flat ambulances were still at work in the street.

## THE LEX COLUMN

## How to achieve a beta performance

Index fell 1.1 to 478.2



Where the gunslingers once walked tall, actuaries and computers now lurk in the shadows. Risk analysis is the latest attempt to turn equity investment into a science, and UK fund managers are currently being introduced to the mysteries of a technique which is already commonplace in the U.S. Last week, brokers Rowe Rudd and Co. launched a highly sophisticated service on the market place. The London Business School will be following suit in a few weeks time with a more modest (and cheaper) version.

Risk analysis is a simple and attractive theory cloaked under a blanket of jargon. At its most basic, the idea is that there is a direct trade-off between risk and return. Investment—and that the risk can be identified, measured and controlled.

Familiar idea

All fund managers are familiar with the idea that certain sectors tend to perform better than others at different stages of the stock market cycle.

In the early days of a bull phase, construction, hire purchase and property are among the groups which in the past have often led the market upwards. When the mood becomes more defensive, sectors like tobacco or oil tend to find more favour.

Risk analysis puts numbers on this kind of empirical judgment. Its supporters claim that the fluctuations of a share price can be split into two main parts, and measured accordingly. One part is the market risk, which is associated with general market movements. The other is the non-market or "specific" risk, which is something special to that particular share or its sector, and makes it move when the market as a whole is going nowhere.

Market risk, or "beta," is the degree to which a share or portfolio of shares is sensitive to movements in the market as a whole. The beta of a share is the expected per cent change in its price for each 1 per cent movement in the market. If the theory is to stand up, one would expect a portfolio of shares with a high beta to perform better than the market as a whole when share prices are rising, and worse when they are falling.

This actually does seem to be what happens. Traditionally "defensive" sectors like tobacco have a low beta, whereas the property sector has the highest beta in the market place. Calculations by the London Business School show that a portfolio of shares with the highest average beta jumped by 170 per cent in the first five months of 1975, when the mar-

Index fell 1.1 to 478.2

ket as a whole rose by 123 per cent (with dividends reinvested). A portfolio of shares with the lowest beta increased by just 37 per cent in the period.

When the market was falling by 26 per cent in the summer and autumn of 1976, the high beta stocks dropped by 45 per cent. Those with the lowest beta only eased back by 7 per cent.

Non-market or specific risk can be all but eliminated in a diversified portfolio. First National Finance is the share with the highest degree of specific risk in the UK market; its gyrations frequently seem to be quite unrelated to general market factors. But a broadly-based investment trust would have almost no exposure to this kind of volatility.

How are these risks measured? Rowe Rudd's system, which is widely used in the U.S., is based on a five-year history of some 1,500 share prices. The percentage change in each price is calculated at four-weekly intervals, and a scatter diagram is then drawn of all these changes set against the changes in the All-Share Index over the corresponding period. The friendly computer then draws the best line it can out of this cloud of points on the diagram.

Beta and Alpha

Beta measures the slope of the line. Alpha measures the point where the line crosses the vertical axis, and represents the change in the share price over a four-week interval when the market does not move at all.

According to the London Business School, a number of advantages are to be gained from splitting risk into two components. The first is that whereas specific risk can be diversified away, market risk cannot be eliminated by sheer

numbers. Therefore it is vitally important to calculate the exposure of a particular fund to general market movements. This information helps the fund manager to get the best performance into the correct perspective, and to construct his portfolio to meet his particular objectives.

Next, the distinction has important implications for the investment analyst. Someone who is good at picking out individual stocks and shares should concentrate his analytical efforts on those which have a relatively high specific risk. But when it comes to broad market trends, the main job is to get the fund's overall exposure in balance. Finally, the argument goes, this breakdown of risk gives a proper understanding of the way that risk relates to returns.

Indifference

However, there are far fewer business school graduates in the UK than there are in the U.S., which is one reason to think that fund managers here are going to be less willing to buy the concept. Brokers W. I. Carr tried to promote the idea in the late 1960s, but met with general indifference. And Data Stream Ltd. have been chasing out beta calculations for some time without generating much interest.

In addition, the U.S. is much more preoccupied than the rest of the world with the idea of risk—thanks in large measure to ERISA (The Employees' Retirement Income Security Act of 1974). The prospect of being sued for making an imprudent investment helps to concentrate the mind, no end, and the ideas of risk analysis neatly complement the Labour Department's yardsticks for what constitutes prudence. The wide acceptance of risk analysis in the U.S. has also been encouraged by another special factor—the gradual separation of investment services, and their individual pricing, according to cost and demand. A manager who is charging the earth for what is in effect little more than an index fund can expect to have his fees queried sooner or later.

The conclusion is that fund managers outside the U.S. will be able to stick to more familiar market indicators, like sunspots or the length of hemlines, if they so choose. But the new services should be of value to those large, diversified funds which, because of their size, are obliged to remain pretty well fully invested for most of the time.

## Weather

UK TODAY

CLOUDY with outbreaks of rain. Mild in south, cold winds in north.

London, S.E. Cent, South Eng., Channel Is., S.W. Cloudy, occasional showers. Max. 11c (52F).

E. Anglia, S. Midlands, E. Coast, W. Midlands, N.W. Eng., N. Midlands. Cloudy, some rain. Max. 7C (45F).

Lakes, N.E., S. Scotland, Argyll, Shetland, Western Isles. Mainly clear and some snow. Max. 4C (39F).

E. Scotland, Cent. Highlands, Highlands, Orkney and Shetland. Some snow showers. Max. 2C (36F).

Outlook: Colder.

BUSINESS CENTRES

BUSINESS CENTRES					
Y'day midday			Y'day midday		
C	F	°F	C	F	°F
Amsterdam	16	43	Luxemb.	10	50
Athens	14	57	Madrid	13	55
Batavia	22	72	Moscow	10	48
Bombay	18	64	Paris	10	48
Buenos Aires	12	54	Rome	10	48
Calcutta	18	64	Stockholm	10	48
Canton	12	54	Sydney	10	48
Cebu	18	64	Taipei	10	48
Colon	12	54	Tokyo	10	48
Hankow	18	64	Yokohama	10	48
Hong Kong	18	64			
Kobe	18	64			
London	10	50			
Lyons	10	50			
Manila	18	64			
Medan	18	64			
Shanghai	18	64			
Singapore	18	64			
Sourabaya	18	64			
Tientsin	18	64			
Yokohama	18	64			

HOLIDAY RESORTS

HOLIDAY RESORTS				
Aleppo	18	64	Jersey	R 10 50
Algiers	C 21	70	L. Plims.	F 10 68
Amman	F 18	64	Lacarno	S 4 39
Bahia	R 7	45	Majonca	S 18 61
Blackpool	F 18	64	Moscow	F 10 48
Bombay	F 18	64	Paris	F 10 48
Buenos Aires	C 9	45	Malta	F 17 63
Canton	R 15	59	Nairobi	R 20 68
Cebu	S 18	61	Naples	F 12 54
Colon	S 18	61	Osaka	C 14 57
Hankow	F 18	64	Nicosia	F 17 63
Hong Kong	F 18	64	Phon	C 14 57
Kobe	F 18	64	Rotterdam	R 14 57
London	S 15	58	Salega	C 6 42
Lyons	S 15	58	Taipei	F 10 50
Manila	S 6	43	Toronto	C 14 57
Medan	S 6	43	Tunis	S 20 68
Shanghai	R 7	45	Valencia	C 11 52
Singapore	F 18	64	Yokohama	F 10 48
Sourabaya	F 18	64		
Tientsin	F 18	64		
Yokohama	F 18	64		

Sunny, Fair, C, Cloudy, R, Rain, S, Snow, F, Fog.

## Cheap Australia flights in demand

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOTH British Airways and Qantas Airways are experiencing heavy demand for the new cheap fares between the UK and Australia, which were announced at the end of last week and take effect on February 1.

The new "Super Apex"—Advanced Purchase Excursion—fares were announced just before Christmas, with bookings starting immediately.

Throughout the holiday, both airlines were swamped with inquiries and reservations, with the result that virtually all flights in February are full, and many of those in March are filling up rapidly.

The two airlines expect to carry an additional 100,000 passengers a year on the "Kangaroo route" as a result of the cheap fares, adding more than £50m a year to their joint revenues.

The new fares cut more than £100 off the present cheapest rates between London and Sydney, Melbourne and Brisbane.

The new return rates (with the existing cheapest rates in brackets) are £334 (£450) in the off-peak months of March, April, May, and in November; £312 (£550) in the "shoulder" months of February, June and July; and £385 (£530) in the peak months of January, August, September, October and December.

For flights in February, an advance booking period of 21 days is required, rising to 30 days for flights in March, and 45 days for flights thereafter.

New cheap one-way fares—costing £254 in the off-peak months, £313 in the shoulder months and £342 in the peak months—are also available on the London to Sydney, Mel-

bourne and Brisbane route. Fares for the London-Perth-Darwin route are a little cheaper.

Another condition of these cheap flights is that passengers must travel end-to-end, with no stop-overs.

This latter condition has been of particular concern to countries in South-East Asia, such as Singapore, which in the past have benefited considerably from passengers breaking their journeys between Australia and Europe for a few days.

To meet complaints from Singapore and Malaysia that the new fares would severely damage their tourist trade, another type of cheap (but more expensive than the fares already announced) UK-Australia promotional fare is to be introduced which will allow stop-overs.

Talks on this between the UK, Australia and the intermediate countries are still in progress, but a statement is expected soon.

British Airways says that the new cheap fares work out at about 1.5p per mile, which compares with about 1.34p per mile for the Laker Skytrain flights between London and New York. It claims, therefore, that the new rates represent one of the best air travel bargains available.

Both airlines expect that as a result of the new fares, they will have to buy more Boeing 747 Jumbo jets to meet the growth in traffic.

In Sydney, Sir Lennox Hewitt, chairman of Qantas, said: "We anticipate adding to our fleet of Boeing 747Bs in 1979 to meet the demand that these new fares will generate."